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FINANCIAL TIMES

No. 26,845 Monday December 15 1975 * 10p

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NEWS SUMMARY

GENERAL
Lesley: Man in court today
A self-employed tradesman in late thirties will appear in court at Newcastle-under-Lyme, Shropshire, today in connection with the kidnapping and murder of Shropshire heiress Lesley Whittle.

Commander John Morrison of Island Yard, who has been hunting for nearly ten months, said the man had been living in Idford, Yorks., with his wife and child. His job involved a large amount of travel.

The man, who has been identified as being questioned today at Kidsgrove. He was alleged to have been seen in Idford in Mansfield, Notts.

BUSINESS
Russia aims for slower expansion
A SLOWER rate of expansion with the emphasis on efficiency and quality, is the keynote of the draft of Russia's next Five Year Plan.

But the final version, to be published next year after discussion and approval by the Party congress, is expected to raise both growth rates and production targets.

Industrial output will grow by 35 to 39 per cent. during 1976-1980, the draft says. Production of capital goods will rise by 38 per cent. to 42 per cent. and that of consumer goods by 30 to 32 per cent. For the five years now ending, industrial output increased 47 per cent. and consumer goods production rose 37 per cent. Back Page

ack home to alcombe St.
and Mrs. John Matthews arrived in their flat in Balcombe, after two weeks in hospital recovering from six days as hostages. Mrs. Matthews said she had not needed to survive her ordeal, which revealed that the North London bomb factory, where one of the gunmen are believed to have lived, was in Crouch Hill, Finchley Park. Amid fears of an IRA backlash, Mr. Roykins, the Home Secretary, said that there would be no need for cold-blooded reprisals.

Builders say £6 breaks pay policy
BUILDING EMPLOYERS, who are to meet union leaders on Thursday, are expected to refuse a claim for £6 a man, "forthwith," on two grounds: first that they cannot afford it, and second that it would breach the 13-month pay policy rule. Page 7

rain siege ends
gunmen give in
Six Moluccan gunmen in the last 10-hour siege surrendered, and the remaining 23 were freed unharmed. In yesterday, gunfire was heard in the Moluccan-occupied Indonesian consulate, but thought to be accidental or practice shots.

ghting spreads
ation is now on the brink of a full-scale war, with violence spreading to new areas. Some 200 people have been killed in the 48 hours. The country faces a choice: a solution from the side or partition. Page 5

ilgrims killed
ire which swept through a tent six miles from Mecca killed pilgrims. Saudi authorities said the blaze was caused by an accidental gas bottle explosion.

dd war lull
weather and Christmas festivities have led to many British soldiers being sent home from the front. Fighting has been reduced to a minimum. The country faces a choice: a solution from the side or partition. Page 5

nti-rabies move
ay dues and cuts in the Pas-Calais region of Northern France are to be sought and shot an attempt to halt the spread of rabies in the Channel coast.

and demand
of 20,000 Portuguese farmers, a rally in Lisbon, in the city, demanded that all land be given over to Government's land reform programme should be put back to its owners. Page 5

lash in Spain
ish riot police broke up a demonstration near Bilbao by 2,000 people calling for autonomy for Basque political power. Page 5

riefly . . .
ty-two people were eaten by eedies after their motor-boat sank in the Malindi River, Central India.

Man who kissed a girl in the bus has been given 14 months' probation for indecent exposure in the district of Andhra.

riest alleged East German Guenther Guillaume will be on today in the Dusseldorf in which the prosecution called for a 15-year jail term.

people were taken to hospital Fortbadon, Co. Armagh, after bomb and bullet attack on a man Catholic home.

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China signs £80m. Rolls-Royce jet engine deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Rolls-Royce (1971) has won a contract worth £80m. for the initial supply of Spey jet engines to China and the eventual manufacture of that engine under licence there. The number of engines has not been disclosed but it is believed to be about 50.

Together with contracts to subcontractors involved in setting up the engine production facilities, the total value of the deal to Britain may exceed £100m.

The deal, which has been the subject of tough negotiations over the past two years, was signed in Peking on Saturday by Sir Kenneth Keith, chairman of Rolls-Royce (1971), and Mr. Tsai Chun, managing director of the China National Technical Import Corporation.

The Government has approved the deal. It will receive part of the money flowing from the contract, because it is entitled to royalties on all Spey engines sold as a result of the launching aid it gave in the late 1950s and early 1960s.

Most of the cash returning to Britain from the deal will be spread over several years—at least until 1980—in the form of royalty payments for the Spey licence and for help in setting up the Chinese production facilities.

The engine involved is understood to be the complete Spey, with afterburner, which means that it will be capable of use in either civil or military aircraft.

The Chinese have not said precisely what they intend to do with it, but it is widely believed that they are developing a military aircraft of their own into which they will eventually put their own Speys made under licence.

Because of the comparatively small volume of engines which will be sold to China, the deal will not create any additional employment in Rolls-Royce, although it will serve to create more work for the existing labour force. The main plants, apart from Derby, are in Nottingham, Leicester and Scotland.

However, the money which will flow in will be invaluable to Rolls-Royce in boosting its working capital over the next few years and in helping the company to pay for other new engine developments which it has in mind.

Phantom and Buccaneer fighters and Nimrod Maritime Reconnaissance aircraft, and in the United States Air Force's Corsair II fighter.

The Rolls-Royce view of the China deal is that it will create the possibility of substantial further orders for U.K. engines and equipment in the years ahead. The Chinese, for example, are also showing considerable interest in the RB-211, engine, especially for ground-based industrial use.

The aim is to deliver to China the first Derby-built Speys in about two years from now, with China turning out its first home-produced engines before the end of the decade.

Accompanying Sir Kenneth Keith in Peking over the past week-end were Sir Stanley Hooker, technical director of Rolls-Royce, who is also an honorary professor at Peking University, and Mr. Denis Head, managing director of the Rolls-Royce subsidiary engine division, and Mr. Don Pepper, a Rolls-Royce main board director.

Sir Kenneth chartered a VC-10 jet from British Airways to go to Peking, taking in large quantities of technical documents and bringing out the large Rolls-Royce negotiating team that has been in the Chinese capital for many months past.

From now on, there is expected to be a constant traffic between the U.K. and China as the work involved in setting up the Chinese Spey manufacturing facilities gets under way.

On the military side, the Spey is currently used in the RAF's Phantom and Buccaneer fighters and Nimrod Maritime Reconnaissance aircraft, and in the United States Air Force's Corsair II fighter.

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Death of MP ends Labour's majority

By Richard Evans, Lobby Correspondent

The death yesterday of Mr. Maurice Edelman, Labour MP for Coventry North-West, means that the Government's slender overall Commons majority of one has been wiped out and Labour will face an awkward by-election in the industrial Midlands early next year.

In addition, there are reports that Sir Alfred Broughton, 73-year-old Labour MP for North-West, means that the Government's slender overall Commons majority of one has been wiped out and Labour will face an awkward by-election in the industrial Midlands early next year.

Mr. Edelman, who was 64, had a majority of 7,488 at the last election.

Mr. Edelman became ill after returning recently from a visit to India and was admitted to the Nuffield Clinic in London.

He had a relapse on Saturday night and was transferred to the Brompton Hospital where he died at 3 a.m. yesterday. Mr. Edelman was married and had two daughters.

Another by-election loss would plunge Labour back into minority government although defeats on major debates in the Commons would be unlikely because of the difficulty faced by the many minority parties of all combining on one issue.

Much more dangerous for Government whips would be the effect on the manning of Standing Committees which consider the detailed aspects of Bills. Government majorities on committees depend on its overall majority in the Commons, and it would prove extremely difficult to get controversial legislation through unscathed.

At present, Labour has a theoretical majority of one over all other parties but the support of Mr. John Stonehouse, MP for Walsall North, is unreliable on some issues, and Mr. John Ryman, MP for Blyth, has been given "leave of absence" by Government whips while he faces court charges of over-spending on election expenses.

A further shock for Government whips came at the week-end with the news that Mr. Jim Sillars, MP for Central Ayrshire, is to resign from the party's Scottish executive and leave the Scottish Labour group at Westminster because of the Government's proposals on devolution.

But Mr. Sillars has at present no plans for giving up the Labour whip in the Commons.

Landslide win in Australia

Fraser aims for major policy changes

BY KENNETH RANDALL

CANBERRA, Dec. 14.

MR. MALCOLM FRASER, Australia's new Prime Minister, began discussions today on the shape of his Government following yesterday's crushing election victory. But it may be a week or more before Ministers are sworn in.

Major policy changes are in the offing, but Mr. Fraser has indicated he will be proceeding cautiously and few major initiatives are expected before the New Year. The Prime Minister conferred today with Mr. Douglas Anthony, the leader of the National Country Party, who will be Deputy Prime Minister, on the sharing of portfolios and there will be more talks in Canberra to-morrow.

The scale of the Labor Party's defeat presents it with agonising problems, starting with the leadership. Mr. Gough Whitlam, the former Prime Minister, remains non-committal about his intentions but there are moves to bring Mr. Bob Hawke, the dynamic national president of the party, into Parliament at the earliest opportunity.

Mr. Hawke, who is also president of the Australian Council of Trade Unions, conferred with Mr. Whitlam today and, in a statement later, they said: "Each of us is ready to serve in any capacity which the Labor Party chooses. We are determined to keep faith with those millions of Australians who have supported us and still place their hopes in the future of Labor."

A majority of the Labor Party's most promising younger members lost their seats at yesterday's elections, with an average nationwide swing to the Liberal and National Country Parties of close to 7 per cent. In some seats the swing was as high as 12 per cent.

Record

Mr. Fraser's Government will have a record majority in the House of Representatives and will be the first in more than 20 years to have a clear majority in the Senate as well.

Labour has lost 33 seats at the present stage of counting, with five more in danger. The Liberal-NCP coalition suffered no losses and has no seats at risk in the last stages of counting.

Numbers in the new House of Representatives are likely to be 90-37.

In the Senate, the Government will be assured of at least 35 of the 64 seats. Four Ministers of the former Labor Government have lost their seats and three more are likely to do so.

Mr. Whitlam said today: "The disproportionate loss of seats compared with votes has been partly due to electoral boundaries which have remained unaltered for seven years. Our nation-wide vote is a secure base on which to work for victory at the next election."

Labour is likely to finish with about 42 per cent of the vote and the coalition parties with about 52 per cent.

Mr. Fraser today promised that his Government would preserve reforms introduced by Labor "which enhance the lives of Australians." He said: "We will act with compassion and concern for those who are disadvantaged, whose birth or experience denied them equal opportunity."

The size of the Liberal-NCP victory, especially the likely Senate result, appears to have defused for the time being the constitutional issues which caused such extreme bitterness in the election campaign and the events leading up to it.

Major trade union leaders today were prepared to be conciliatory towards the new Government and the Parliamentary Labor Party has been denied any opportunity to precipitate yet another premature election.

The results have also greatly increased the relative strength of the Liberal Party within the non-Labor coalition, making it harder for the NCP to press claims for a stronger voice in the Government.

They are likely to have five or six portfolios in a Ministry of about 27 with either three or four.

Continued on Back Page
Fraser's investment strategy
Page 5



Mr. Gough Whitlam: Doubts on the future

Goldsmith sees Haw Par chief in Singapore to-day

BY MARGARET REID

SINGAPORE, Dec. 15.

MR. JIMMY Goldsmith, new chairman of Slater Walker Securities, begins negotiations here today on his company's controversial £141m. Haw Par Brothers International. Regulation of this issue, in which the Singapore Government is keenly interested, is crucial to the future of both companies.

Mr. Goldsmith will meet today Mr. Michael Fann, new chairman of the revamped Haw Par Board. Last night he said: "I'm here to have talks. I'm sure that two reconstructed Boards, neither of which was linked to the past, can see the thing in proper commercial perspective."

Lord Goodman, the eminent lawyer and reconciler of disputes, is ready to fly here to advise Mr. Goldsmith if the negotiations require it. Lord Goodman has been adviser to SWS since Mr. Goldsmith took over in October from Mr. Jim Slater, who resigned partly over "adverse publicity" concerning Haw Par, which SWS formerly controlled.

Scrutiny by his legal and accounting experts has convinced Mr. Goldsmith that criticisms of the 1973 purchase by Haw Par of Slater Walker Securities (Hong Kong)—to which the disputed loan was closely related—are unjustified. This is despite the fact that Haw Par, which is in a tight liquidity position and, it is thought, the Singapore Government, consider there are circumstances which should lead to the loan being much reduced.

Mr. Goldsmith, so far from accepting such arguments and waiving some one-third of the loan (as it appears the previous SWS Board seriously considered).

THE WOOL TEXTILE aid scheme, the first under the Industry Act 1972, to help modernise sectors of the economy will close for applications at the end of this month.

With the level of grants running at about 20 per cent of the cost of projects the wool textile industry will spend possibly



MR. GOLDSMITH: "Will fully answer challenges to the deal"

in the 1973 deal in which it acquired control of SWS (HK) through purchasing 46 per cent of its shares from SWS in Britain for HK\$440,000 and share, and bidding for a 30 per cent. public holding. It was in connection with this transaction that the £141m. loan was advanced by SWS to Haw Par.

The Stock Exchange claims

Continued on Back Page

Wool textile aid scheme ending with full £15m. taken up

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE WOOL TEXTILE aid scheme, the first under the Industry Act 1972, to help modernise sectors of the economy will close for applications at the end of this month.

With the level of grants running at about 20 per cent of the cost of projects the wool textile industry will spend possibly

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Next re-run of the EEC debate

BY C. GORDON TETHER

THE UNVEILING of the plan to inaugurate direct elections to the European Parliament in mid-1978 generated very little excitement in this country — presumably because the members of the EEC have been so much at sixes and sevens during the six months since Britain voted to stay in that few people are taking its unification plans very seriously any more.

Yet there can be little doubt that this could pose a greater threat to the survival of Britain's sovereignty than any integration moves we have seen up till now. And it is one that may well be compounded by the fact that the idea has such a democratic ring about it that those wanting to awaken the British people to this reality are likely to experience more than a little difficulty in getting their message across.

The present European Assembly of course is little more than a glorified talking shop. It can, if it wishes, make loud noises and hope that the centres of real power represented by the Commission and the Council of Ministers will pay heed to them. But it cannot, in the last resort, insist that what it says goes except in respect of the spending of a tiny portion of the Community's budgetary receipts.

Very different

It can be taken for granted that it is going to be a very different matter when its members are no longer merely representatives of the parties composing the EEC members' national parliaments but men and women who have been expressly given the task of representing the public at large to the councils of the Community through direct elections.

As Mr. Enoch Powell has repeatedly pointed out, such a democratically constituted Parliament is hardly likely to be content to function as a toothless dragon. And that presumably means that it will lose no time in creating a European Government to run the EEC show under its supervision.

There should be no difficulty in seeing that it will be much more difficult to prevent Britain's sovereignty being eroded by decisions taken on the other side of the Channel when this system starts to operate than it will be while the Commission and the Council of Ministers remains the main seat of EEC power. And, as the "oil seat" debate showed, it is not so easy to beat off such threats even now as pro-marketisers

asserted it would be during the referendum campaign.

As things stand, the Government can always fall back on the veto to oppose major departures in Community policy which it does not approve of or which seem destined to meet with the severe disapproval of the public at home. But the participation of the British electorate in an EEC Parliament could be held to imply its acceptance of a commitment to abide by the democratic ally reached decisions of that Parliament.

More specifically, it could put this country under a considerable obligation to go along with steps to promote European integration which the Parliament approved of as being in the general interest—whatever the implications for Britain's own sovereignty.

An antidote

It is, of course, conceivable that forces making for fragmentation of EEC countries of the kind that have surfaced in the Welsh and Scottish devolution campaigns will be acting as an increasingly powerful deterrent to the European integration vision from now on—and they are certainly not confined to the U.K. in which case, the European Parliament may pose no additional threat to British sovereignty—not at least in the earlier stages.

But it is obviously desirable that the British people should be alerted to the deeper potential significance of its involvement in direct elections to the EEC Parliament before it takes the plunge.

It is safe to deduce from past experience that the pro-marketisers will not be going out of their way to see that this is done. The task will, therefore, have to be undertaken wholly by those who continue to take the view that the less Britain is caught up in European unification the better. And they, as I said at the start, are not going to find the going easy.

For since the idea of direct elections will be presented to the public as a means of making the EEC a more democratic affair, its opponents will be apt to find themselves being portrayed as the enemies of progress. It also has to be remembered that many Britons clearly take a very poor view of the recent performance of the Westminster politicians.

In short, what looks like being the next major re-run of the "oil seat" debate should be met with a daunting problem.

Appeal court casts doubt on overseas tax liability

BY JUSTINIAN

ALMOST EVERYONE concerned with the law and lore of tax avoidance is able to locate the sinister words of Lord Greene in *Lord Hordwood v. Walden* (CIR). "It scarcely lies in the mouth of the taxpayer who plays with fire to complain of burnt fingers." Some will also recall that Lord Greene prefaced his remarks, in the course of constraining the relevant provisions of the income-tax legislation, by saying it was "intended to be an effective deterrent which will put a stop to practices which the legislature considers against the public interest."

In *Lord Chetwode v. CIR* last week, the Court of Appeal surprised the legal and accountancy professions with its unanimous decision which casts doubt on Lord Greene's reasoning and in one respect at least actually seems to encourage practices which Parliament had tried to stop. The relevant section in the Act contains, unusually, a preamble explaining the legislature's avowed purpose, namely to prevent individuals residing in the U.K. from avoiding liability to income tax by transferring assets whereby "income becomes payable to" persons resident or domiciled outside the U.K. This legislative device could be more frequently deployed, instead of being confined to a local official conclusion as to what was deductible. Does this sound too good to be true? Yes, and it is. But how did the Court of Appeal arrive at such an astonishing decision?

How did Lord Chetwode persuade the Court of Appeal that his transfer of income abroad was not caught by legislation designed explicitly to stop a practice which Parliament considered against the public interest? An illustration will make the point at issue clearer.

Scenario
A wealthy but reluctant taxpayer inherits a portfolio of £167,000 worth of foreign stocks and shares; he incurs annual expenses of £1000 in servicing them. Assume that the £1,000 includes the cost of maintaining an office with a safe in it, and the employment of a part-time secretary to study the *Financial Times* and other periodicals to make the taxpayer's stockbroker active in rearranging the portfolio. The taxpayer is, of course, taxed on the dividend income by deduction and cannot set-off any of the £1,000 against it. All the Inspector of Taxes will allow him is what the collecting bank charges him for converting the various foreign currencies into sterling—say a trivial 220 per annum.

The taxpayer, having read the Court of Appeal's judgment in *Lord Chetwode*, casts now cast the following steps: (1) he settles the foreign stocks on a foreign trustee for himself for avoidance of tax; (2) he settles with a power to revoke the settlement at any time; (3) he persuades those trustees to transfer the stocks and shares to a foreign investment company, in exchange for shares; (4) he persuades various friends to do likewise, and they all then (4) persuade their several investment companies to set up a little joint off company in safe and secret and the *Financial Times* and other periodicals with stock market information, the expense of each company being, for argument's sake, £1,000.

Preventive

The section under scrutiny reads as follows (short of complications): "For the purpose of preventing the avoiding by individuals of liability to income tax by means of transfers of assets, in consequence whereof income becomes payable to [foreign individuals or companies], where such an individual has, in consequence of any such transfer, power to revoke the settlement with or in the future, any income of [a foreign individual or company] which if it were income of that individual received by him in the U.K. would be chargeable to income tax by deduction or otherwise, that income shall be deemed to be income of that individual."

The word "income" appears five times. The dispute turns on what it means on the second of those appearances. The Special Commissioner, Mr. Justice Megarry held that in the context of investment income, in the shape of dividends, accruing to a foreign person (whether an individual or a company), "any income of" meant "those dividends," so that what the section deemed the individual's was "those dividends" full stop.

Mr. Justice Megarry helpfully clarified the view of the meaning "gross income"; and, in preferring it, he thought it more compatible with the phrase "income becomes payable to" than the contrary view, which he called "net income" — viz, gross income less, in the case of an investment company, management expenses.

What then did Parliament mean by the phrase "power to enjoy"? An individual is deemed "to have power to enjoy income of [a foreign individual or company] if the income is in fact so dealt with as to be allocated to him for his benefit, or the receipt or accrual of the income operates to increase the value of any assets held . . . for his benefit, or he has power, by means of the exercise of any . . . power of revocation, to obtain the beneficial enjoyment of the income, or he is able in any manner whatsoever to control the application of the income."

Expenditure

Sir John Pennycuik delivered the leading judgment in the Court of Appeal. He thought that "the income of" an investment company ought to be construed as the excess of its receipts over its outgoings, short, its profit after deducting proper management expenses. The facts in *Lord Chetwode's* Case have been virtually anticipated. He settled £167,000 on a Bahamian Trustee who invested it in shares of and on loan to a Bahamian investment company, which claimed to incur expenses of about £1,000 per annum, including "Investment Advisory Fee, Management Fee, Stewardship charges, Security handling fees and bank charges. Registered office and executive office fees." He admitted he had "power to enjoy" within the meaning of the section; and the court found that he had in fact exercised that power as life-tenant but also gave him power to revoke at any time.

Now comes the sting of the decision. How did one compute the income of the Bahamian investment company? By Bahamian Law, "the Bahamian Law" came Sir John's answer. The corollary is that any future transfers of income abroad have the ball at their own feet and can shoot it into whichever tax goal offers the most attractive advantages. One can almost overhear tax advisers denigrating the rival claims of the Cayman Islands and Nassau, coupled with speculating how quickly the rival territory's legislature can rush through the provision now being drafted by a tax consultant.

1982 J.K.B. 589,387
The Times, December 13, 1975.

Deserved win for Ipswich in civilised atmosphere

ONE OF the happiest aspects of a visit to Ipswich is simply walking to the match with a crowd who have come to watch football, and the not active participants in some primitive tribal war. There is always a large number of Dads, accompanied by small sons and carrying little stools.

Sadly, there are not many other First Division grounds where I would willingly take a five-year-old on to the terraces instead of the behaviour was also civilised, apart from the Leeds supporters' juvenile "exercises" which might have been termed self-defensive.

Ipswich, at present trying to find the flair that made them appear so promising in the last two seasons, deserved their 2-1 win over Leeds who, unchanged for the last six games, have been conspicuous champions of the "tenders." It was fast, fierce and

rewarded with a goal by the evilest McKennie, although Charlie Johnson on the goal line, just suspiciously like offside; but Ipswich defence, in which Hun and Beattie were outstanding held out until the final whim.

If Leeds had applied the same urgency and pressure early instead of thinking in terms of a draw, they might well have won, even though there was a dispiritingly accurate shot against the high ball in the middle. It would not surprise me if Hunter was reinstated next week, although they son missed the injured McKennie.

At left-back for Ipswich Beattie produced a majestic performance in both defence and attack, looking in all respects world-class player. Mills, despite his heart and enthusiasm does not appear to be cut out for a mid-field role. On the other hand, Talbot gave a most impressive performance as a half

minutes later to say he had found it after rummaging deep in another pocket, and held it out for punching.

On the way to the ground, shopkeepers came out to pass the time of the day and chat to the fans instead of scurrying behind shuttered windows as often happens elsewhere.

Inside the ground, the friendliness continued with the announcer giving a "special hello" to groups of schoolchildren supporters.

Wimbledon fall to Brentford in game with too much kick

BY KEVIN RAFFERTY

AS LONG as one giant-killer manages to survive, the FA Cup will retain its freshness and its excitement. On Saturday in the second round, there was Searborough Town, which conquered the once-proud Preston North End 3-2.

But, for the one team of heroes, there were several other might-have-been aspirants which, on the day, were not quite up to the task. Marple, the Cheshire non-league, managed a draw with Hartlepool, and Gateshead also did with Rochdale.

Non-league clubs Bishop's Cleeve, Spennymoor, Wycombe, Coventry, Sporting, Wigan Athletic, Dover and Stafford all slain by the giants of the third or fourth division.

So too was Wimbledon, star of last year's Cup with a win at Burnley and a draw at Leeds. The Wimbledon side was scuffed out 2-0 by Fourth Division Brentford. In a game which had too much kick and rush about it.

In many ways, it was refreshing to go along to Plough Lane to see if Wimbledon could repeat last year's triumph. There was an air of civilisation about the stadium which is often all too lacking at league grounds. The ticket-collector at the station let a boy through who could not produce his ticket; the boy came breathlessly back two

minutes later to say he had found it after rummaging deep in another pocket, and held it out for punching.

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Inside the ground, the friendliness continued with the announcer giving a "special hello" to groups of schoolchildren supporters.

Wimbledon had far more chances but agonised over them as if pondering which was the heat part of the foot to bit the ball with or where to place it when a sharper player would have been receiving the kisses of his colleagues and the opposing goalkeeper picking the ball from the net.

To crown a bad day, Mr. Alle Batford, the Wimbledon manager, had his name taken by the referee for gestulating at a linesman after a throw-in decision (a wrong one) by the referee.

For all the friendliness and sporting spirit of their support

England baffle the selectors

ENGLAND's second regional match against the South at Gloucester left me in a state of anger and confusion. The South, who were the victors, could well come back to the selectors with a plea for sympathy for the selectors who have to unravel the tangle. I can hardly recall a match in which skill, technique and enthusiasm were at such a premium.

Basic skills were simply ignored and with the match being a close-run thing, the result was a surprise. Peter Colston has an alarmingly difficult task, starting with the restoration of some semblance of confidence. There really was no one on the field who could either control or shape the destiny of the game. It was a most depressing experience.

England eventually won 11-3 with Cooper dropping a goal and making a try for Maxwell against the drop goal by Bennett in the first half. In the closing moments, Duckham scored England's only try.

Richards the South full-back left the field just on half-time with an Old Comrade on. Neither did he suffer from a broken leg. Elgnell took some fierce stick from the crowd because of Butler's absence and although he missed four penalties his magnificent tackling and running ability should secure him the place.

Squires and Duckham were both again treated like lepers although Squires managed some enthusiastic running of the ball. Plummer hardly saw the ball but Wyatt managed to show some clever defence and quick thinking. Squires and Duckham seemed the obvious choices but

in the centre Maxwell dropped several passes and Kent's occupation was in defence. The South could well come back to the selectors with a plea for sympathy for the selectors who have to unravel the tangle. I can hardly recall a match in which skill, technique and enthusiasm were at such a premium.

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Horton or Ralston neither whom played on Saturday. If different reasons. This was a room for Keyworth. Rollick who must have been glad to miss this hotch-potch. Morde and Hendy were certainly not in the line-up, merely victims of circumstance.

Curiously the selectors of both teams omitted Ralston and the seems an idea abroad that he not at. Confirmation of this would have been possible at Saturday against Wilkinson at Beaumont who, for all the qualities, are really not in the line-up. Wilkinson is a tremendous worker in the maul; in the loose, but ineffectual in a jumper. Wilkinson can run extremely well and, like Beaumont, is highly mobile, but he of them lack something in hand-to-hand stuff that a second row has to show.

Cotton was absent and w Burton's promotion Adam can in as tight head to give Neil a comfortable time, as Burton, Balfour, Neimes, gets around the field and it is excellent, but it is a bonus the prop's prime role. C gathers that the selectors restricting themselves to 1 players' club positions. However it would be very difficult to let out Cotton and Burton.

I expect the selectors to per vere with Wheeler as opposed Pullin. Ralston threw in the towel. This was a room for Keyworth. Rollick who must have been glad to miss this hotch-potch. Morde and Hendy were certainly not in the line-up, merely victims of circumstance.

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Chance of double for Josh Gifford

JOSH Gifford has a couple of promising prospects in Weather Valley, as owner, H. Nicholson, trainer, and Jeff King, jockey, who landed the valuable SGB Chase at Ascot on Saturday with

The partnership of Lord Murlie (1.00) and may prove the answer to what promise. He came over to Doncaster a last month and made the winning Town Field Handicap Hurd the expense of Tucker's Boy was backed as though he were a remote contingent. Single Spur, a convincing win at Cheltenham ten days ago an obvious source of danger.

W. Brennan, who is Tommy Joe, saddles Buck for the Mistletoe (3.00), and this one is sure to go well. Even so, I doubt coping with Simon's Pet, stays well and who was by means disgraced when d heating with Sunfyre for place behind Super Nora Master Spy at Lingfield the day.

F.T. CROSSWORD PUZZLE No. 2956

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32

- ACROSS**
- 1 Cook with the right kiln (5)
 - 4 Provided with inhabitants wrongly put up to plead (9)
 - 9 Retaliated and got even with (4, 7)
 - 13 Struck a point in nervous strain (9)
 - 15 Ingenious one in part of church (5)
 - 16 Decorated—like a ship? (6)
 - 17 Projection of French receiver (7)
 - 18 Gaffer to choose a target (4, 5)
 - 19 Die of cold . . . (6)
 - 21 Die in the kidneys—in children alarming (5)
 - 22 Pain reacting to each hot mixture? (9)
 - 23 Deformed circle should appear before eastern socialist (5-10)
 - 24 A little spread to flatter Irishman (6-3)
 - 25 Sing broken melody without in leader (5)
- DOWN**
- 2 Turn and go in sequence (6)
 - 3 Sideways look of suspicion (7)
 - 5 As far as one can see or tell (4, 9)
 - 6 Feign to make a claim (7)
 - 7 Fur each one employed in could be read (7)
 - 8 Eagerly anticipating a short existence (6, 3, 3, 3)
 - 9 Electromotive force used for psychological strain? (7)
 - 10 Intensified yet got down further (8)
 - 11 Piece of pork not required to tease (5, 3)
 - 12 Ask the advice of government agent before start of trial (7)
 - 13 Recover and come to a stop near (5, 2)
 - 14 Thing made in mathematical quantity (7)
 - 15 Got hold of dog in race (7)
 - 16 Know boy brought up in Westmorland (8)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1	247m
6.00 a.m. 30 min. News	9.00 News, 9.15 This Week's Competition, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 4.00 News, 4.15 News, 4.30 News, 4.45 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 7.00 News, 7.15 News, 7.30 News, 7.45 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 4.00 News, 4.15 News, 4.30 News, 4.45 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 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Lebanon faces partition or solution from outside

obviously unable to control the situation French moves have been made to seek Arab mediation. Former Premier Abdallah Yaffi for talks with Syrian leaders, and Socialist leader Kamel Jumblatt is due there to-morrow. There is speculation that Syrian Foreign Minister Abdel Halim Khaddam will come here within the next 48 hours.

A larger Arab initiative is also sought. There has been a proposal, backed by Cairo, for an urgent meeting of Arab ministers of Egypt, Syria, Iraq, Saudi Arabia and Kuwait to act as an Arab League reconciliation committee for Lebanon.

Observers noted that if the proposed mediation by the Arab States fails to produce effective and quick results, the danger of national strife here, talks of partition would intensify.

Reuter reports from Cairo: French President Valéry Giscard d'Estaing said to-day France might call upon the United Nations to stop the civil war in Lebanon from ending. The French country's break-up, the French President told a Press conference here that it was up to the Lebanese "to put an end to their internal strife. But we will not let Lebanon to break up and therefore the United Nations might be called upon to intervene."

Investment revival is Mr. Fraser's main strategy

MAJOR changes in Australia's business, investment and foreign policies were announced today by the new government elected yesterday. The new Prime Minister, Mr. Malcolm Fraser, 46, an Oxford-educated grazier from Western Victoria, has staked a great deal of his government's success on its ability to restore business confidence and encourage economic recovery.

Mr. Fraser's main strategy is to revive investment through a series of incentives to date from January 1, 1975. He has promised to preserve most of the big-spending reform programmes of the former Labor government and may have to resort to stiff monetary policy measures over the next months to avert another surge of inflation.

which continues Labor's objective of encouraging the maximum possible domestic uranium processing but with more flexibility of what is "practicable." It pledges to allow uranium exports subject to environmental and international obligations and says the government will establish a uranium enrichment plant in Australia.

Oil exploration incentives are to be re-introduced, although no details are given. Their form has been discussed. They will be aimed both at exploration and development and production—a major consideration for the Woodside-Burmah consortium in view of their oil discoveries on the north-west shelf.

On pricing, the policy states

The new Liberal-National Country Party government is firmly committed to winding-back many of Labor's initiatives in the policy areas affecting natural resources. An exception, however, is the oversight of export contracts and prices for commodities like coal. The intention of Japanese steel-makers to request a reduction in coal exports because of the current reduced demand for steel will provide an early test for the new

ment says: "All new discoveries of oil will be sold at world market prices. Any changes in the price for known reserves and producing fields will be determined after advice has been presented by an official, independent inquiry."

Mr. Fraser has also promised, in general terms, a tougher protectionist policy for local manufacturing industry. The undertaking has already been viewed in Tokyo with some concern but

Turkey to demand stiff conditions on U.S. bases

ANY NEW bilateral defence agreement between Turkey and the U.S. is unlikely to return to the Americans exclusive control over their 26 important military installations in this country which are now effectively closed down and under "Turkish Army control and observation."

These facts emerge from top level interviews with Turkish Ministers and senior officials, including participants on the Turkish side in the current negotiations over arms supplies and the future of U.S. bases in Turkey. The American team is headed by Mr. William Macomber, the U.S. Ambassador in

Additionally, the Demirel Government is expected to insist that a new defence package with Washington be endorsed formally by the U.S. Congress before Ankara will sign a precedent established recently by the Israelis over the Sinai disengagement agreement with Egypt.

Turkey is also seeking guaranteed arms shipments from the U.S. over the next period. It is likely to be less than three years from the date of any new defence agreement—and it wants the final package to be "quantified" to specify precisely the weapons and equipment to be delivered and a time schedule or actual delivery.

Ankara, and includes Pentagon and State Department experts. The U.S. arms embargo on Turkey, imposed last February, is delayed until the Turkish reaction to the Turkish invasion of Cyprus, and which has since been partially lifted, is interpreted officially here as a "hostile act," which terminates the U.S. aid, which terminates the 1969 defense co-operation agreement between the two countries. Any replacement pact according to Turkish Government sources, will deny to the U.S. her right to purchase weapons, regarding the American bases.

While the Demirel government here, a coalition of four parties, including the Turkish Nationalist Party, the Turkish Pro-Islam National Salvation Party, does

have considerable domestic opposition, its negotiating position with the U.S. commands broadly uniform Turkish support, including that of the opposition Republican People's Party of Mr. Bulent Ecevit who, as Prime Minister, authorised the original Turkish invasion of Cyprus.

Indeed, if anything, Mr. Egan would adopt an even more hard-line attitude to the talks with the U.S.

Turkey is also demanding a "rent" from Washington for the bases, and an annual figure of \$150,000 has been mentioned. But the terms of negotiations resumed American arms supplies, and the exact new status of the bases, are likely to be much more crucial in the negotiations than actual cash. "It could be an advantage," the Ford Administration, which is not anxious to establish precedents for paying rent as against the use of facilities in countries having U.S. military installations.

Franco-Egyptian arms accord

ANCE WILL assist in setting an arms industry in Egypt, was announced here today at a Press conference in Cairo. Presidents Anwar Sadat andiscard d'Estaing at the conclusion of the French President's 3-day state visit to Egypt. The distribution will be of technological knowledge and experience I will lead to the eventual production under licence of jet fighters at a site believed to be the Dassault Mirage in one of their versions. The joint Presidential communique spoke of French cooperation on a desalinization plant, a nuclear power plant, construction of an underground in Cairo, and a large number of industrial projects including plants for aluminium, steel, glass as well as telecommunications, mining and housing facilities in the Suez Canal zone. Relations between the EEC and Egypt have developed since the communique continued, and "an argued and mutually satisfactory agreement linking the two countries should be achieved."

The final communique seemed to leave a lot of room for manoeuvre in detail, both the exact nature of co-operation and the location of industries mentioned. There is one aluminium plant in Egypt at Nag Hammadi, for example, and Egypt is considered to have abundant power and water for a second one. Two key achievements of Franco - Egyptian co-operation in the recent Frs.350m. loan with a Frs.500m. line of credit and the 100 MW nuclear power plant to operate in building a 600 MW nuclear power station, came about before the visit.

The results of the visit are considered by observers not to have come up to Egyptian hopes, and the grandly titled "Cairo Declaration" which Egyptian Foreign Minister Ismail Fahmy spoke of at the start of the visit, turned out to be a plain declaration of friendship and co-operation, pledging strengthening of mutual interest and co-operation in the

CAIRO, Dec. 14.

spheres of culture, science and technology."

France's commitment to help Egypt establish its arms industry, Egypt's plans include the Arab military industry organisation capitalised at \$1,040 million, Saudi Arabia, UAE and Egypt—produced no details, schedules, or figures. Arms sales were said not to have been discussed and there was no reference to the planned purchase of Mirage F1 fighters.

Egypt also received a blow to-day from Britain with news that Prime Minister Harold Wilson has postponed his visit to Egypt which had been scheduled for January. Diplomatic sources here said that Mr. Wilson's visit would be postponed because of a parliamentary debate on devolution. The visit had been expected to bring Egypt a step nearer to sales of the Anglo-French Jaguar fighter-bomber which was demonstrated at week in Saudi Arabia, who would pay for the plane.

Israeli living standards to be cut by 3%

BELT-TIGHTENING budget, liged to cut the average dard of living by more than 10 per cent. as a result in reductions in subsidies, a cutback in social payments, introduction of 10 per cent. VAT and a slash in real terms of defence outditure will to-day be preed by Finance Minister Y. Inzowit to the Cabinet here.

Just over \$8,500m., the draft gets its new high figure, and it is that for the current fiscal ending March 31 (plus supplementary). Of this nearly £2,400m. are earmarked for defence (almost £900m. for the purchase of the remainder for the upkeep the armed forces and local urement).

It falls in the standard of living for the greater sized housing is 10-15 cut by half, and it is expected that private builders may for low sale.

Since construction has always been the key to employment in the Israeli economy, this slash may well cause unemployment. The intention is to divert this money to other sectors of the economy and in this way to cut the balance of payments deficit by £250m. to £155m.

The draft budget is likely to meet with strong opposition from the Israeli industrial, and Industry and Commerce, Welfare and Health. But both the Treasury and the Central Bank are determined to keep deficit financing at £300m. during the coming fiscal year.

The opinion is widely held—both among the right and parts of the left—that these measures are not adequate and that what the country needs is a shock treatment.

Peres attacks Palestinian State plan

NEW YORK, Dec. 14. (UPI) — Defense Minister Shimon Peres said today that the establishment of a Palestinian state on the borders of Israel would leave the way for Soviet arms into the area and pose new dangers for Israel. Peres, who arrived on Saturday on an arms procurement mission to the Soviet Union, said such a state as a possible solution to the Palestinian problem would pose "real problems" for both Jordan and Israel, adding that the Soviet Union could be oriented on Soviet arms.

Peres reiterated Israel's opposition to any dealings with the "Palestine Liberation Organization" and said the "position of clarity" that Israel would take part along with the PLO in the United Nations Security Council debate on the Middle East on January 15.

State Department split on policy for Angola

A MAJOR dispute has been going on inside the State Department since the Spring about what approach the U.S. should be taking to the worsening situation in Angola.

the three-months' state of emergency in the Basque provinces, earlier this year, the

Farmers den

Farmers demo poses new threat to Lisbon regime

THOUSANDS of farmers massed in the market town to-day to pour scorn on the efforts by the Portuguese Government to appease their anger over Leftist-inspired land seizures.

Rio Maior, located 60 miles north of Lisbon, has come to symbolise the divide between the Conservative north of the country and the more radical south.

It is in the north of the Tagus, where the Agrarian reform programme has been used as the disguise for occupations of estates by agricultural workers.

The farmers gathered here to-day were keen to point out that the Government's view was the fact that the land grabs had begun to spread to the north of the Tagus, where farms are traditionally smaller than in the Alentejo region, which has been the scene of most occupations so far.

The rally demanded the removal of the Agriculture

Minister, Dr. Antonio Lopes Cardoso, claiming that the programme of agrarian reform initiated by governments until now had been based on "small and medium-sized land-holders. In particular the farmers demanded an end to the points system which lies at the heart of the land reform programme. The system is based on a series of calculations taking in size of land worked and total turnover which the farmers claim specializes the most efficient. "All the agrarian reform laws must be cancelled," a leader of the "União Agrária Nacional" told the Finance Times. "The farmers' call is likely to embarrass the sixth provisional Government which only yesterday announced that it would conduct a revision of all legislation relating to agriculture. The Government, according to farmers' leaders, has not gone far enough."

The Dutch authorities in Beilen stressed this afternoon that they had not given it to any of the gunmen's demands, which were all political in nature. The men wanted the Dutch Government to help them to gain independence for their own South Moluccan islands and the Indonesian-controlled Pacific Islands, and organise a dialogue between the Indonesian authorities and Dr. Manuessa.

At a Press conference in Beilen this afternoon, Justice Minister Andries van Aagt, who had headed the operations, said the Government had succeeded in its two goals: the freeing of 100 prisoners unharmed and the arrest of the South Moluccans. "We had stated right from the first that none of the attackers would be allowed to leave the country as free persons," he added.

After the news of the Beilen shootings had spread in Holland, a few incidents involving the South Moluccans in the Netherlands gave rise to fears of a backlash among the community of around 35,000 refugees. But this has not happened, given numerous pleas from Ministers and the Moluccan community leaders.



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The Office World

EDITED BY JAMES ENSOR

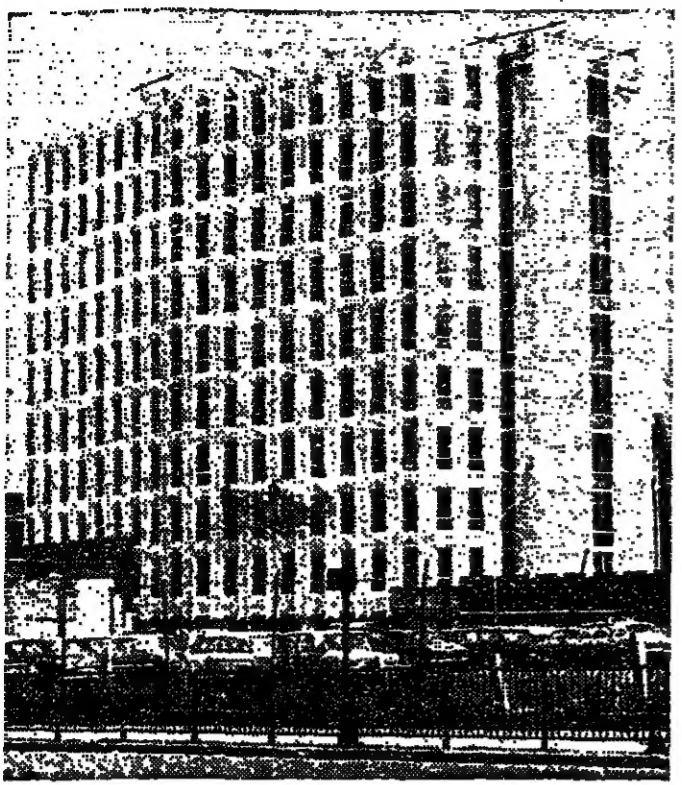
Bob Crew outlines an alternative to the traditional office which he calls

A patchwork of bad planning

Work tires employees. So, too, do the offices and buildings in which work is performed. For this reason, it is one of the objects of Integrated Environmental Design (IED) to ensure that a building functions in such a way that its occupants achieve maximum efficiency with the greatest ease and minimum fatigue. It is also the object of IED to achieve the least wasteful and most economic use of a building's energy and other resources, as well as its human resources, at an acceptable cost to investors and users.

What fatigues workers in offices and buildings is: too little or too much heat; too little or too much air conditioning; poor lighting; external and internal noise; glare from an excess of glass in windows and walls which contributes to headaches, eye-strain and inefficiency; back-ache induced by poorly designed chairs, desks and tables lacking in ergonomic principles; work-ache induced by, among other things, poorly designed, laid out and serviced buildings lacking in IED principles. What fatigues financial running costs of such buildings is: wasted energy; a lack of energy conservation, insulation, efficient services and economy.

To quote a spokesman of the Electricity Council in London: "Many offices and factories provide working conditions that are far from ideal—glare from windows, uncontrollable draughts and indifferent stand-



Beagle House, Aldgate—London's first private IED building.

ards of lighting are all too things in which there is a commonplace. Such buildings are blind to the lessons of the overheated in summer and have past, we still continue to excessive heat losses in winter. develop new catastrophes that The reason why it is difficult to achieve the object of IED is because so many buildings are the work of private developers owner-occupiers because they, and their architects who are more concerned with their profits and fees than the needs and problems on a daily basis. Owner-occupier IED buildings in Britain include Kala-

masco in Birmingham, Liverpool Daily Post and Echo in Liverpool, the old Georgian office building of Scottish Equitable in St. Andrews Square, Edinburgh, the new IPC Building in Glasgow, the Barclay's Bank International Building at Poole, the new Civic Centre at Reading, the British Airways Building at London Airport and numerous electricity generating board offices.

It is 20 years since the development of IED started in this country when, in the middle fifties, the emergence of giant glass windows and so-called curtain walls in office buildings created internal problems of overheating, glare, cold, external noise which thin-grade glass could not keep out, and a massive invasion of visual privacy.

Running costs

To rectify many of the ills of the prestigious new glass buildings, users and owner-occupiers spent substantial sums of money and became alarmed by the excessive and wasteful running costs involved. At this point the Government stepped in and commissioned the Department of Building Sciences at Newcastle University to research the performance of buildings and their effect on the internal environment: to raise the questions, "What are buildings for?" and "How can they be designed to fulfil their function efficiently at minimum cost?"

It soon became clear that a new fundamental approach would be necessary, particularly

by the private developers who were traditionally the most resistant to IED. That was some twenty years ago. Last year, London's first IED building by a private developer was occupied by Overseas Containers Ltd. at Beagle House, Aldgate. This new £2m. project became the headquarters of OCL. Developed and owned by Town and City Properties Ltd., it is claimed to be one of the most advanced IED buildings in the country, if not in Europe.

When OCL decided to commission an IED building, it made a study of contemporary buildings—including the Civil Service Building at New Gardens noted for its "office landscaping" and the famous City Nord building in Hamburg, and it researched the concept of IED in depth, aided by the Electricity Council in London. It came to the conclusion that their were awkward corporate and individual worker interests that were difficult to reconcile and that it was all too easy and convenient, therefore, to separate the human element from the architecture, ignoring the problems of the former.

The internal environment of the OCL building was designed as a single, integrated exercise instead of, as is often the case, a patchwork of separate, badly planned and uncoordinated exercises. Incidental heat-gains which would normally be lost or wasted—from lights, people's natural body-heat, computer, air-conditioning and office machines—were recovered and recirculated as the building's only heat source, without the aid of any other independent source of energy.

Windows—which account for 25 per cent of the building's external walls—were double glazed and their glare reduced by long specially coloured walls with light deflection in mind and bathed in evenly distributed delicate shafts of electric light from fittings running parallel to the walls.

Pastel colours

Seven of ten floors at Beagle House—which have their own separate colour schemes and identity—are served by rest rooms and refreshment facilities. Light pastel colours are used throughout the building to dissolve reflection from the electric lights in the ceiling. False acoustic ceilings conceal overhead chambers for warm-air recovery and accommodation of service equipment and ducting. Ceiling panels are sound absorbing, as are floors that are carpet-tiled, and windows that are double-glazed. Thus there is a proper acoustic balance and little noise. Because most areas are open-plan with high thermal capacity and low conductivity, they are ideal for heat-recovery air-conditioning, which is thermostatically controlled throughout the building.

Air is drawn from office areas through recessed fluorescent-light fittings and, in winter, the building recovers up to 75 per cent of its own waste heat. Low-brightness "natural" electric lights are used to blend with available daylight and they are specially designed to provide uniform illumination.

GESTETNER

A predetermined course

BY ROY LEVINE

GESTETNER, the world's largest producer of stencil duplicating machines, could have a shortfall of £1m. on profits for the year ended November 3, according to stockbrokers Scott Giff. If they are right it will be only the third time since 1928 that Gestetner has not shown an increase in profits and a blot on what is generally recognised as a model of steadily increasing sales and profits over a period spanning nearly 100 years.

It was in 1881 that Mr. David Gestetner (grandfather of the present joint chairman, David and Jonathan) began selling his invention of one of the first stencil duplicators. By coincidence six years later and across the Atlantic, A. B. Dick started a similar operation to become one of its main competitors in the world's markets.

Family control

The history and success of both ventures is well known. Under family control, Gestetner applied a single-minded approach to the market which has made it pre-eminent in its field. Its formula of quality, service and competitive prices together with its unequalled selling organisation (1,300 branches in 130 countries) has brought great prosperity. "Over 200m. copies a day are made on our stencil duplicators," boasts David Gestetner, the present joint chairman, who estimates that between 50 and 60 per cent of the world's stencil machines in use were made by his group.

Over the years while many of its competitors boasted bigger and better stencil and offset duplicators, Gestetner stuck to its more mundane market. The momentum was kept going by introducing new machines every five or six years with modest improvements. That helped maintain the group's high margins, too, as did the more profitable supplies side which now accounts for over half total turnover at £140m.

One reason that Gestetner has faced little competition is its concentration on the lower end of the duplicating market. Despite many gloomy forecasts, demand in this sector from schools, churches, clubs, small companies has refused to die. In times of deep recession, this single-mindedness has become a strength—demand in the middle price sector has been falling because some companies have been trading down. Stencil machines sales in October, for instance, were the highest on record. So even if Gestetner's profits do fall, they will not fall as much as its competitors (Rotaprint recently reported a 70 per cent drop in its first half profits).

But even David Gestetner recognises that the October boost may be a fluke. Once again there are doom-mongers in the stencil business and this time they may be right. Forecasts vary from negative growth to 5 per cent annual growth over the next five years—after which the picture is expected to worsen. About 70 per cent of the group's revenues are from this sector, so what should

David Gestetner be doing to diversify?

There are three parts to this answer: to what extent Gestetner can reap further profits from the stencil market; its diversification into offset and copiers; and whether it ought to diversify into new markets.

Firstly, David Gestetner does not accept the forecasts of a stalling stencil market. There is still scope, he argues, for new sales in developing countries and in the education sectors of all countries. He expects to increase his group's market shares, as others fall out, and anticipates an impetus from innovations such as scanners (that make it easier to produce masters), faster drying ink and smoother paper. These factors, he says, will create a growth rate of between 5 and 10 per cent a year, so providing a solid base for the group.

Secondly he has begun to take his group into aligned markets. By developing a new series of competitive offset machines, he reckons to have already captured between 20 and 30 per cent of the fast growing market in some Continental countries.

Once again the emphasis is on the low cost market. But this time there may not be lack of competition. Rank Xerox has launched the Xerox 9200 aimed at the in-plant printing shops of large companies and governments for short-run, fast-turnaround duplicating work. It is estimated that Xerox has spent over £150m. developing this system which could generate annual sales of over £500m. a year by 1980, to become its chief profit contributor.

This is a frightening thought for everyone else in the duplicating business and there is still an argument about whether Xerox's revenues will be at the expense of all others or whether the 9200 is creating a new market.

Co-existence

Mr. Brian Nicholson, director of operations at Rank Xerox (U.K.), says, "We aim for co-existence with the offset market and not confrontation. In some situations, an offset machine can stand alongside a 9200." But behind that cautious comment lies a strong marketing push. Five years ago Gestetner did have its FB 12 copier on the drawing board in a joint venture with Office and Electronic Machines (which subsequently sold its 40 per cent stake for £1m.). But it has taken a long time to mature.

It is too early for the FB 12 to have had any impact on the market or Gestetner's earnings, but David Gestetner has some ambitious hopes for it and the family of plain paper copiers it will spawn. "If we take 10 per cent of Rank Xerox's profits of around £400m. it will treble our present profits. Naturally it will take time and we will not hurry to get there."

Competition between the two determined courses.

groups is likely to increase. Rank Xerox has already announced it is to sell its products in the U.K. from next year (anticipating the Monopoly Commission report due soon) and its 914 copier could make some inroads into Gestetner's territory.

Gestetner is also diversifying—with the purchase of Rex Rotary. The rationale for this as David Gestetner points out was that Rex Rotary is a major European manufacturer of duplicating machines and photocopiers—which has raised its group's market shares, mainly in the important U.S. market.

Over the short-term, it is easy to draw a scenario of sustaining profits growth at Gestetner, to getting the blooch caused by the current economic recession. The offset market is growing at around 20 per cent a year, copiers by perhaps 10-15 per cent. However, both the areas are becoming intensely competitive and it is quite possible that while the machine populations will continue to grow, market values will rise less rapidly, reflecting price cuts (as we saw this year in the U.S. market). The scene in five or ten years then could be very different; then both markets may have reached saturation. So should Gestetner diversify into a new market?

Precedents

There are certainly sufficient recent precedents. Xerox has entered the much vaunted editing typewriter market and has A. B. Dick. Both A. B. Dick and Addressograph Multigraph (AMG) have diversified into the fast-growing micrographics industry—in three years revenue from this source at AMG has risen seven-fold to £7m.

It can be argued that diversification dilutes profitability. Gestetner, which has stuck to its market it knows, earns more than twice as much profit as B. Dick or AMG on fairly similar turnover figures.

Rank Xerox, which has until recently adopted a similar stance to Gestetner, earns as much as its U.S. parent Xerox Corporation on a quarter of Xerox turnover. Gestetner has perhaps been fortunate not to diversify. This was partly because of the financial conservatism of a group that controlled and managed by family, now in its third generation. David Gestetner sticks to this policy. "We intend to concentrate on those markets we know best," he says.

He rejects the idea of going into an unrelated field. If editing typewriters, but has cautious welcome for facsimile transmission another growth area where there is at least some similarity of technology with the group's scanning processes. Gestetner is essentially in the office printing business and it is where it intends to stay. According to one British competitor, "Gestetner is on a predetermined course."

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Private network debate grows

BY CHRISTOPHER LORENZ

ONE OF the most controversial issues in the world of office communications—the pros and cons of private networks—is to be debated next month at the Institution of Electrical Engineers.

If one thing has raised the subject into the public eye, it is the Post Office's warning last month that it will not be able to continue offering five-year fixed-term contracts on the telephone lines it leases to business users for their exclusive use—the so-called "private wires."

Differential

Communications managers were also concerned to hear from Mr. F. G. Phillips, marketing director of P.O. Telecommunications, that the differential between private wire rentals and use of the public telephone network will again be changed in the foreseeable future. It was only in October that private wire rates were held static as public charges were raised; in April the differential had been narrowed by a sharper increase on private wires than on public tariffs.

The conference—to be held at the IEE's headquarters at Savoy Place in London on January 19 at 5.30—is likely to be a lively one for the differential to be stabilised. The Telecommunications Managers

Division (TMD) of the Institute of Administrative Management warned late in November that the maintenance of differentials—including between such equipment as automatic versus manual private exchanges—is vitally important to the customer who has made a large investment in equipment, under one set of relativities, and who may subsequently find the investment totally non-economic.

Some of the TMD's members claim an investment of over £1m. in a private network (including lines leased from the P.O. and privately-owned exchange equipment) could be made unviable by such changes. Another problem likely to receive coverage is the allegedly over-expensive and old-fashioned relays currently available from the P.O. for use on private lines; there has been a growing welldesired of pressure to approve a U.S.-designed system now on offer from a private supplier, Wescom.

One of the factors behind TMD's demand for stable differentials—and the call for more detailed P.O. accounts—is the allegation of some business users that the business customer is subsidising the domestic subscriber, since private wires, trunk calls and telex—three of the P.O.'s most profitable sectors—are all mainly or entirely paid for by the business user.



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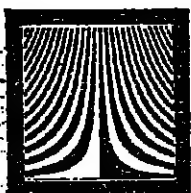
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOEYERS

TEXTILES

Advances in printing

NOVEL solutions to the problem of printing fabric blends have been developed by ICI Organics Division.

Dispersol Procion PC Dye System is for the printing of polyester/cellulose (PC) fabrics, and makes possible manufacture of printed fabrics which retain clear whites and bright colours together with soft handle and ability to withstand repeated washing and wear.

A new chemical class of disperse dyes has been developed specifically formulated for use in printing polyester/cotton and polyester/viscose fabrics. Packages of paired Dispersol PC dyes for the polyester content and Procion PC dyes for the cellulose component are provided in seven basic shades. An extensive colour range is being built up.

Processing of fabrics with the new system does not call for any modification to standard dye printing technology. The company says a full evaluation has been carried out in extensive trials, and demonstrations have already been given to leading textile companies in the U.K., Germany, France, Holland and Italy. Retail organisations in the U.K. have also taken part.

Several U.K. companies have placed orders and hope to have the first textiles with the new brighter printing on the market before the end of next year. At present textile designers are evaluating the increased flexibility the new system will give them in printing on PC fabrics. There are two current

New spindle on trial

MOST TEXTURED filament yarns are produced on what are known as false-twist machines which operate on the basis of the yarn being taken over a rotating pin and given an 'S' twist on one side and a 'Z' twist of similar magnitude on the other. Without heat the yarn would be unaffected.

By heat-setting the yarn on the feed side the counter-twist puts into the yarn a considerable amount of stretch and this provides the basis for both stretch yarns, as used in stockings and socks, and the set yarns that are widely used by knitters of jersey fabrics and, more recently, by weavers.

Nearly all machines operate with pin-twisting spindles which are small tubes that rotate at very high speeds. Across the tube is positioned a sapphire, or some other friction-resistant material, and the yarn is taken round this. Most machines run at maxi-

mum speeds of between 600,000 and 800,000 rpm and slowly the industry is trying to circumvent the limitations imposed by the speeds by the use of so-called friction heads.

However, a Japanese company has developed a type of spindle bearing and which is capable of industrial operation at speeds up to 1,250,000 rpm. The company that has introduced this spindle is Murata Machinery (British agent: Marubeni Corp., 3, Warren Road, Manchester 17, Tel. 061 872 3551). It is being fitted to the type 333 'Mach-Crimper' a new type of draw-texturing machine which was introduced by the company earlier this year. Assuming this new type spindle performs with satisfaction in the trade it could very well substantially extend the life of pin-twisting which at the moment looks as though it will be replaced by friction twisting.

methods of PC printing, neither completely satisfactory. Pigment printing is technically simple, and cheap, but the fabric soils easily and the colour wears off. It has been mostly used for small isolated motifs.

Using disperse and reactive dyes improves the wash and wear properties, but the white areas are tinted and coloured parts are dull.

ICI says its new method will cost about the same as disperse dye printing and more than pigment printing.

Of all the fabrics used in textiles, polyester/cotton blends are particularly important for dress goods, including shirts, dress-wear, night-wear and sportswear, but choice has been restricted because of the printing difficulties.

ICI is confident that its discovery will enable styles currently produced on all-cotton or all-viscose materials to be extended to polyester/cellulose fabrics.

As well as breaking new ground in PC printing, the Dispersol dyes are suitable for printing polyester fibre by itself, and in some instances, cellulose triacetate materials. In all these cases, says the company, marked advantages in initial washing-off properties are maintained over conventional disperse dyes.

More details from ICI Organics Division, Hexagon House, Blackley, Manchester M9 3DA (061-740-1480).

COMMUNICATIONS

Fast digits instead of speech

EQUIPMENT shown recently in London by Pye Telecommunications will allow the police, emergency services and others operating fleets of vehicles to speed up "standard message" transmission and keep their VHF/UHF radio channels free for non-standard — and usually more vital — information.

Standard messages such as "need assistance," "have left vehicle," "am engaged in task" and many others according to the nature of the fleet, can

be sent from the vehicle by two digits with agreed pre-determined meaning.

With the aid of a minicomputer at the control point, the data can be stored, listed and otherwise displayed to suit the controller. For example, vehicles engaged in a task can be separately listed from those simply in transit and those not within a particular area (drivers can also key in their location using allocated pairs of the digits).

The system transmits data as tone bursts in the audio band-width 200-2000 Hz at a rate of either 600 or 1200 bits/sec. The microphone is inhibited while data is being sent.

Pye has also been demonstrating its latest generation of Pockettone personal radio, the principal advantages of which

include improved ruggedness and reliability, reduced size and weight and the ability to run from a single cell.

Transmitter and receiver are separate, each in a polycarbonate case measuring 130 x 55 x 20 mm and weighing 171 and 212 gms respectively. The units occupy about half the volume of the company's previous PF1 model.

There are no aerials to be extended — they are suppressed within the case. The units are also designed so that channels can be quickly changed by unplugging a frequency cube about the size of a sugar cube and inserting another. Sixty channels are available, with 25 kHz spacing. These units have now reached the size and weight where they can genuinely be carried in a top pocket.

COMPONENTS

Diode is robust

SILICON rectifiers in which the leads are brazed by molysbdenum discs to the chip and the entire assembly encapsulated in a specially developed glass have been introduced by General Instruments.

The glass has a coefficient of expansion identical to that of the silicon so that a perfect hermetic seal is formed and cracking of the glass due to local heat expansion has been eliminated. It is also alkali-ion free, eliminating corrosion, and opaque, removing the possibility of performance deterioration due to effects of light.

A further bonus is that the high temperature characteristics of the glass are superior to formulations normally used for encapsulation. The plastic body of the new GP series is moulded from a flame retardant epoxy.

GI states that the rectifier has been subjected to tests normally applied to military devices, including pressure cooking, moisture resistance, vibration and mechanical strength tests. Over 100 test hours produced a failure rate of 0.29 per cent, at 90 per cent confidence level. Initial availability is with peak inverse voltages between 50 and 1,000V at average forward current of 1.0 A. More from the company at Cock Lane, High Wycombe, Bucks. (0494 37856).

Capacitors cannot harm nature

CAPACITORS impregnated with poly-chlorinated biphenyl (PCB) which are in general use to-day have been banned in some parts

of the world, and in others strict disposal methods have been enforced to guard against possible damage to plant and animal life.

Dubilier Electronics has developed a range of capacitors known as Bionol which overcomes this problem, being free from the hazards of PCB types. The design provides dimensional compatibility with units impregnated with poly-chlorinated biphenyl. The capacitor element is wound with low loss dielectric and high purity aluminium foil electrodes and is vacuum impregnated with a different fluid, the units being housed in aluminium or steel cases.

The company is understandably reticent about the new impregnant used. However, it appears to be a modified phthalate ester.

The capacitance range is wide, standard up to 200F at tolerances of ± 10 per cent and ± 5 per cent. The voltage ranges extend to 11kV ac or 30kV dc and the standard voltage types available are 440V ac and 660V ac, other ratings being supplied to order.

Operating temperature range is from minus 40 deg. C to plus 55 deg. C. Standard types are for 50/60Hz operation; however, the low loss system allows operation up to high frequencies.

Dubilier is at POB 11, Ashcroft Road, Kirby Industrial Estate, Liverpool L33 7TR. 051 547 2606.

ELECTRONICS

Precise voltage

FOLLOWING THE recent introduction of the 8 bit dual mode A/D converter ZN425E, the electronic components division of Ferranti is making a low cost, integrated circuit, the ZN425T for application in a range of stabilised power supplies. A/D

converters and instruments.

Low output voltage also makes the device ideal for use in applications requiring battery powered operation.

The devices are encapsulated in a 2-pin TO18 package and have a very low slope impedance of 0.5 ohm and a low temperature coefficient of 100ppm/°C. They will operate over the industrial temperature range of 0°C to +70°C. A military temperature range version will be available shortly.

Samples are available from Electronic Components Division, Ferranti, Jem Mill, Chadderton, Oldham, Lancs. (061-624 0818).

Shows bids in other currencies

USEFUL for those conducting auction sales where foreign bidders may be present is a multi-currency bid indicator system designed by CTH Electronics, Somersham Road, St. Ives, Huntingdonshire PE17 4LE (0480 64388).

An installation, thought to be the first of its kind, has already been made at GAF's new £1.8m bloodstock sales premises at Kill near Dublin.

Equipment consists of a keyboard operated control unit with miniature displays, two indoor multi-currency indicator boards (also showing the lot number, veterinary certification and a "barren/in foal" sign, together with an outdoor display showing the lot number.

The keyed-in bid price is displayed in guineas and also in French francs, U.S. dollars and yen. Currency conversion rates are easily preset. Conversions can be arranged for one or any number of currencies.

Connection from the control desk to the various displays is by domestic TV coaxial cable.

HEATING

Compact boiler saves fuel

SUBSTANTIAL fuel savings faster production of hot water are the claims made for a type of boiler-cylinder made by R. Tomlinson (Boiler) Aberford, W. Yorks. (Aberford 305). The design enables relatively small boiler to produce a high output of hot water.

The system is intended for building where there is requirement for large quantity of hot water at short notice, with minimum storage — hot boarding houses, hospital laundrettes, residential or industrial premises. As a closed system it can be used in low-roofed buildings where head of water might be a problem. A range of thermal efficiencies and take-off options available.

Originators of the system are HS Boilers, of Turin, Denmark. The unit is a combination which boiler, cylinder and internal heating coil are supplied as an integral assembly.

The boiler encases a removable stainless steel cylinder. There is no intermediary pipework connect, so less floor space required. There are only three external connections — cold, hot flow and return. Hot water is transferred directly from water in the boiler via cylinder walls to the domestic water inside the cylinder.

Inside the cylinder is a heating coil (also in stainless steel). The coil is part of a closed circuit, receiving hot water from the boiler and returning it, reheating. The domestic water the cylinder is heated two ways at once — from outside at inlet — and it is claimed fast that there is simply no need for high volume hot water storage.

A water cooled base allows unit to sit directly on the floor. To avoid turbulence in the combustion chamber through adverse conditions, the internal layout is designed to create a slight back pressure within the chamber.

Boilers can be supplied with heat outputs from 50,000 to 700,000 Btu.

PROCESSES

Large prints from small machine

FIRST OF a new breed of GAF machines being designed and built in the United Kingdom is the GAF 1549 which produces dry prints ready for immediate use both in large print rooms needing extra capacity and in small units with limited requirements and installation space.

Ductless, odourless, relatively quiet, of small dimensions and operating from normal electrical supply, it can be sited virtually anywhere, either on its own stand or on any convenient working surface.

A new light source of four 140 watt spectrum-intensified fluorescent lamps ensures even exposure at speeds up to 6m./min. (20ft./min.) with excellent latitude for all types of material.

Flat, fully developed prints are produced by double-sided application of the developer, which is self-draining. An integral flat-bed dryer can be manually controlled to meet individual requirements and local conditions.

GAF is at PO Box 70, Blackthorne Road, Colnbrook, Slough SL3 0AR. Colnbrook 4567.

MATERIALS

Adhesive tape for industry

FOR APPLICATIONS in industry Arno Adhesive Tapes, which makes a range of waterproof air duct tapes, has introduced a tape made from a polythene/cloth laminate coated with a long life rubber based pressure-sensitive adhesive. It is 10 per cent

cheaper than the company's main range tapes.

Available in black, the tape is supplied in widths ranging from 1 to 3 inches in rolls of 55 yards. Other widths and lengths can be supplied. Adhesion to steel is stated to be 1000 gm/in and tensile strength is 15 kg/in.

It is mainly intended for use in areas other than heating and air conditioning, such as binding, joining, sealing and strapping, for example, carpet joining, or carton strapping.

The maker is at Shore Road, Hythe, Southampton SO4 6YT (0703 84 3136).

INSTRUMENTS

Takes many readings

OVER 100 temperature measurement points can be manually or automatically monitored using a digital thermometer introduced

by Ancom of Devonshire Street, Cheltenham, Glos. (0242 53861).

Applications include assessment of the temperature profile across machines and structures, for example in engine testing, and in monitoring gradients throughout the structure of a dwelling to determine the thermal efficiency of insulating materials.

The unit can be calibrated for most types of thermocouple, with or without cold junction compensation, or for special transducer requirements. Thermocouple inputs are fed to an amplifier and lineariser and a dual ramp converter changes the signal from analogue to digital for display on a 4 inch character digital panel meter.

Thermal stability is about 10 microvolts and long-term drift of the order of 0.05 microvolts per deg. C. Error bandwidth of the lineariser is about ± 1 deg. C over the complete temperature range, depending on the thermocouple used. Outputs are available for further digital systems use.

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The disappointment



The exultation



The reckoning



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Paris: 36 Rue du Louvre, 75001 Paris. Tel: 01-429 36 00

Reims: 11/12, Boulevard de la Gare, Reims. Tel: 03-27-11 11

Frankfurt: 11, Schillerstrasse, Frankfurt. Tel: 069-212 11 11

Brexit: 20 Rue Duple, 75001 Paris. Tel: 01-429 36 00

A strategy undermined

UNTIL THE details of the Chrysler rescue operation are announced, presumably tomorrow, it is not possible to assess just how completely the Government has caved in to political pressure. But it is already clear that the slightly more rational industrial policy, faint glimmerings of which began to appear after Mr. Wedgwood Benn's departure from the Ministry of Industry, is in tatters. The early decisions of Mr. Eric Varley, the refusal of aid to certain "lame ducks," the increasing references in the Ministers' speeches to over-manning rather than under-investment—these gave grounds for some hope. But it appears that the Government's toughness is reserved for relatively small affairs where the political risks are insignificant; on the big issues it is just as flabby as any of its predecessors.

Credibility
Unless this impression is quickly and decisively dispelled—and it may be too late—what little credibility the Government retains in the eyes of the business community, at home and abroad, will evaporate. For the Government has to be judged by its actions, not by Ministers' speeches. It is no good talking about the evils of over-manning if the Government continues to prop up badly managed, loss-making enterprises in the private sector and continues to prevent, or at least to discourage, public sector enterprises from tackling their manning problems.

Before the end of the year, it past promises are to be kept, a decision will be made on whether or not to close down steel-making at Shotton in North Wales. The lobbying on behalf of Shotton is intense and the Government is undecided. There is a strong possibility that, just as in the late fifties the fourth strip mill was split, for political reasons, between South Wales and Scotland (with the result that neither works has been successful), the same kind of Solomon's judgment will preserve steel-making at Shotton, even though the technical and commercial arguments for transferring production to larger

A new concession from the West

THIS WEEK the Atlantic Alliance will offer substantial new concessions to the Warsaw Pact in the negotiations on mutually balanced force reductions (MBFR) in Central Europe which have been stalled ever since they began more than two years ago. To many Western observers, the timing must come as a surprise. It is not as if the present climate for détente were particularly encouraging. The signing of the final act of the European Security Conference in Helsinki last July has produced few, if any, tangible benefits, there has been no perceptible increase in freedom of movement between the two parts of Europe and the Warsaw Pact signatories have ducked their commitment to inform the West in advance of sizeable military manoeuvres.

Helsinki has not yet been followed, as was widely predicted at the time, by a second strategic arms limitation agreement (SALT 2) between the Americans and the Russians. In terms of great power politics, indeed, one of the most notable post-Helsinki events has been the extent of the Soviet intervention in Angola—an area well outside of the traditional Russian sphere of interest, and where Soviet policy can only be described as expansionist and provocative.

Superiority
Nor does the West have anything to apologise for in the conduct of the MBFR negotiations so far. The Western negotiators have produced figures suggesting there is a disparity of 150,000 tanks and nearly 10,000 tanks in Central Europe in favour of the Warsaw Pact. The Pact has disputed the figures, but throughout more than two years of talking has failed to produce

The 'de-merger' of Shell-Mex and BP, whose £2.5bn. a year turnover puts it among Britain's biggest trading companies, will be completed by the end of this month. Ray Dafter examines what it entails

Ready for the great divide

FOR the past four and a half years the giant Shell-Mex and BP organisation has been quietly pulling itself apart. By the end of this month the so-called "de-merger" of one of Britain's largest companies will have been accomplished, putting a new complexion on the face of the U.K. oil industry and providing new sets of competitive teeth for the individual Shell and BP operations.

The reorganisation has been one of the most ambitious of its type undertaken by industry anywhere in the world. Shell-Mex and BP has an annual turnover of some £2.5bn., employs around 13,000 people and supplies between 30m. and 40m. tons of fuel to the U.K. market each year. All this had to be separated so that Shell retained 60 per cent. and BP the remaining 40 per cent.; the ratio of capital originally put up by the companies in 1932. When, 43 years ago, the two companies decided to form a joint marketing company to benefit from economies of scale, motoring was still emerging from its formative years and the oil business' growth rate was miserably low. The combined turnover in the first year of operation was a bare 3m. tons of fuel.

Petrol was cheap

By 1932—the key date in the "de-merger" plan—the motor industry was thriving, petrol was cheap (by today's standards) and companies were fighting for market shares. Shell-Mex and BP, which had acquired National Benzole on the way, had found its market share slipping a couple of points to around 38 per cent. and it was decided to go in for brand streaming. The 3,000 sites, owned by the company and dealers, were allocated to the three brand named petrols under a rigid and complex formula. Separate sales forces were established for each brand. A new competitive spirit emerged among staff both within Shell-Mex House in London and on the garage forecourts, although overall marketing and pricing strategy was still controlled by head office. The group's market share returned to around 40 per cent. and the time was considered ripe to look at other Shell-Mex and BP operations.

The initial idea was to follow the petrol example, marketing the products separately rather than pulling the central organisation apart. But as time went by the company—or more accurately, its parents—saw the advantages of complete separation. The need for a contrived economy of scale was over; each part was big enough to stand on its own feet. A1, the accompanying chart shows, the Shell separation emerges with a turnover of £1.5bn. a year, while BP's share of sales (which includes National Benzole's interests) is running at an annual rate of

around £1bn. Each of these operations alone would be sufficiently large to earn a place among Britain's top trading companies. In the event, however, the plan is to merge the respective interests into the even bigger Shell U.K. Oil and BP Oil companies, as from January 1.

Another reason for the them.

trial reorganisation, and here the Shell-Mex and BP operation scored. By its very nature a "de-merger" is likely to cause less employee anxiety than the much more common merger. When the start of the process of separation was announced in 1971, it was emphasised that there would be no redundancies. In the event, only two of

The way the split was carried out, and the method by which staff were allocated to respective sides, might prove to be a model for the scale industrial "de-merger." Seven project teams were set up covering the automotive market, the industrial sector, domestic and heating markets, agriculture, aviation, the business market and the marine business.

When it came to looking staffing, these teams were helped by the employee grading structure introduced by Shell-Mex and BP in the early 1960s, with customers, employees were again chosen on a sophisticated "one for you, one for me" basis with their age, ability, grade, potential and service all taken into consideration. In this way it was ensured that there could be no suggestion of favouritism; a manager could not pick a team he would like to work with after January 1 simply because he did not know which was his future company.

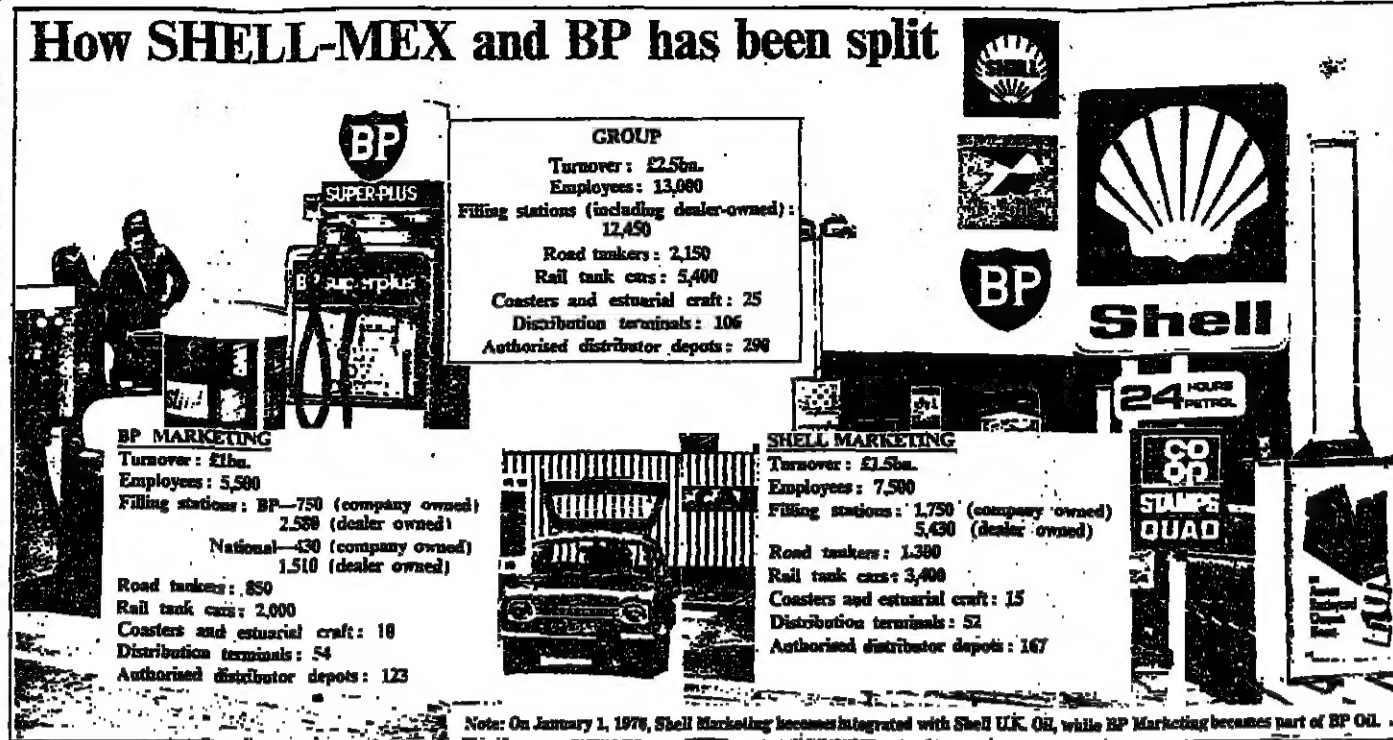
Knows his future role

With just a fortnight before the Big Switch everyone knows his future role. M. Greenborough, for example, to be managing director at deputy chairman of Shell U.K. Oil which, following the assimilation of the Shell-Mex part, becomes the second biggest BP business, and so on after Shell Oil in the U.S.

New loyalties have already been apparent. Virtually a majority of executives expected to move to the new BP House 1 duties, however. (The cost of Victoria Street, for example, a separation has not been disclosed, but it is said to be negligible when set against total turnover.) Although domestic disruption was deliberately kept to a minimum, the financial services section faced the problem of equipping and manning two main computer centres, rather than one, and here there was a good deal of movement and retraining.

Computer centre

Shell-Mex and BP had used its computer centre at Hemel Hempstead as its main base, with a smaller complex near Manchester providing support facilities of a mainly clerical nature. Under the reorganisation BP is using Hemel Hempstead as its base while Shell is setting up a much-enlarged facility in Manchester. The BP's example, a point of result has been a movement of some 150 personnel to the north



An inquiry likely

It would be tempting to speculate that Shell-Mex and BP may have become too big (the group had been planning to build up to supplying 50m. or 60m. tons of oil by 1980), though this is hotly denied, however, by Mr. John Greenborough, its managing director and chief executive.

Similarly, one cannot help but question whether Shell and BP might have been wondering how an enlarged Common Market might view what is essentially a market sharing arrangement. Perhaps more pertinent is the fact that for some time oil companies in general have been living with the threat of a Monopolies Commission inquiry into their petrol selling activities. Only last week, Mrs. Shirley Williams, the Prices Secretary, confirmed that such an inquiry was likely.

The vulnerability of Shell-Mex and BP to criticism was demonstrated in the past few weeks when the group announced its latest range of price increases. Not only were they identical for each of the

But the reorganisation goes far beyond the petrol business. The group has about 20,000 industrial customers, ranging from the Central Electricity Generating Board to hauliers with a couple of lorries. These, again, had to be split in a 60-40 ratio on the basis of their size, thought twice about protesting type of trade, growth potential and financial status.

Although the selection was made largely on an arbitrary basis, (the number of industrial customers seeking a change from their allocated supplier could be counted on the fingers of two hands, according to Mr. Tony Driver, general manager (industrial) and a director of BP Marketing).

Ambitious exercise

In terms of sheer numbers, the split of customers using the group's home heating fuels was an even more ambitious exercise. Shell-Mex and BP had 600,000 domestic customers, handled by 90 authorised dealers. Once again they had to be separated on an equitable basis. (In this "branding" of customers Shell-Mex House sent out no less than 2m. explanatory letters.) But it was not just a case of "one for you, one for me" all over again; this time the group was restructuring the business fabric of other companies, the authorised dealers who had been given franchises to deliver in specified parts of the country. Companies like William Cory

Sitting on the sidelines

Nevertheless, it was obvious that there were competitors sitting on the sidelines, waiting to benefit from any slip-up. As Mr. Greenborough commented: "We were aware of other companies watching us, ready to pick up any pieces we might drop. At the same time we were also aware that disgruntlement among only a tiny minority of our customers could create a good deal of fuss and bad publicity."

The fact that the split has been achieved comparatively painlessly, with little apparent public criticism and few cries of anguish from inside, is the result of a number of factors. As already mentioned, the timing of the operation, which, by chance, coincided with uncertain fuel supplies, may have had something to do with the muted consumer response. But to assume that was all would do injustice to the formidable planning which was behind the separation, however.

MEN AND MATTERS

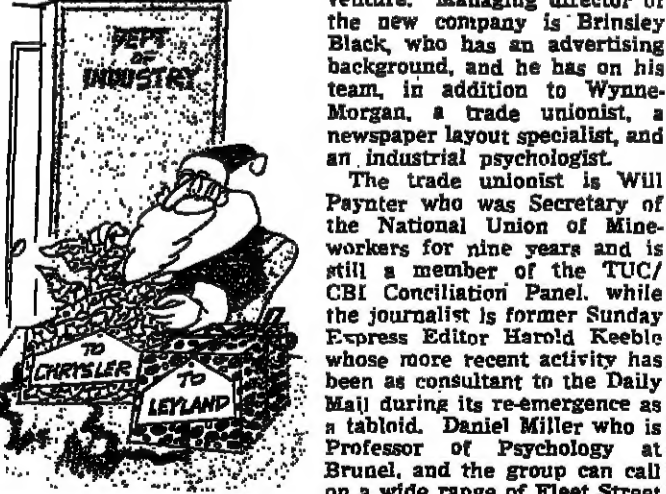
Cork Gully looks west

One of the biggest growth areas in the last two years has, alas, been that of company liquidations and the name of Kenneth Cork and his firm W. H. Cork Gully has been much in the public eye. Cork is popularly believed to be London's biggest landlord at the moment and possibly the U.K.'s biggest property tycoon in his capacity as liquidator to the Stern and Lyon property empires, not to mention Guardian Properties.

But although he is being kept busy in this capacity, and also in the quite separate role as this year's Sheriff of the City of London, it is clear that Cork is still finding time and entrepreneurial flair to pursue the expansion of his own business. He is discussing a link with chartered accountants Jolliffe. This alliance, involving Cork Gully itself, the associate practice of Cork Porritt Sunderland and Company (which concentrates on auditing business) and Jolliffe could create a very powerful combination in the accountancy world.

Such an alliance looks a trifle unlikely at first sight since Cork and his two firms are steeped in City tradition while Jolliffe is a West End firm. Also, while Jolliffe undertakes investigative work as well as normal auditing business, it has not so far been involved in insolvency business. The firm has been built virtually from scratch by its senior partner Anthony Jolliffe over the past 11 years, and an indication of its success is that it now has 17 partners in the U.K.—ten of them in London, while Jolliffe himself is still only in his mid-thirties.

Jolliffe has just been made an Alderman of the City of London, and the proposed link with Cork could facilitate an early extension of his business interests in the square mile. As far as Kenneth Cork is concerned a successful link with Jolliffe might be the first step in further rationalisation of his business interests.

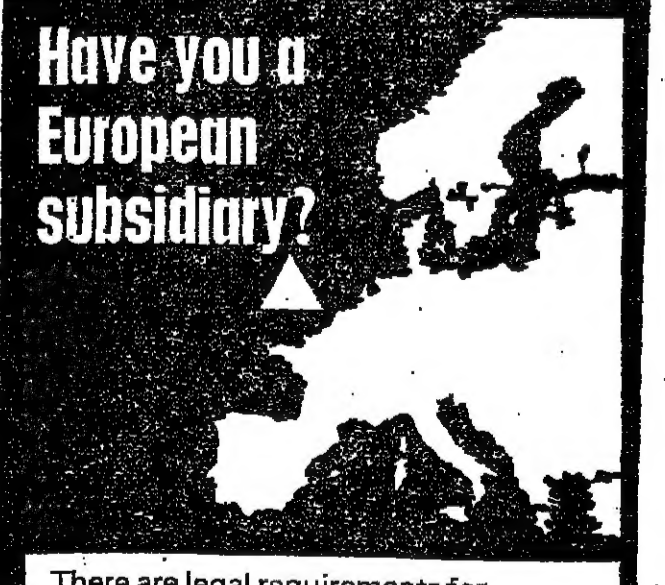


the social activities of the employees. One of the fascinating aspects is the wide range in standards—both journalistic and in terms of communications value—which applies. House newspapers vary from the appalling to a handful of very good ones.

Now, it seems, with the question of worker participation and the whole subject of communication between members of the company at all levels assuming greater importance in corporate thinking, a good many companies are re-appraising upwards the role of the humble house journal.

Two companies now exist which offer facilities to advise on the production of house magazines, or alternatively to take over production completely—liaising with a group's public relations department for collection of material. One is brand new, while the other has been going for some time.

The brand new company is called Decimus Publishing and is the brainchild of a group, headed by public relations consultant David Wynne-Morgan, which has sunk £20,000 into the



There are legal requirements for retirement and other employee benefits which are very different from those of the U.K. and benefits are important in getting and keeping the right kind of staff. Are your own European subsidiaries' plans up-to-date and do they take into account state and industry-wide benefits?

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The three rail unions are heading a new campaign to halt further cuts in Britain's rail services, claiming that present plans suggest a reduction in the nation's network from the present 11,000 miles to 4,000 miles by 1981. Colin Jones reports.

Shrink-packaging Britain's railways

THE MIDDLE years of the last century have each witnessed a sea-change in the means of travel in this country. The painful consequences for the older mode of transport have been usurped by the new. Two hundred years ago a canal builders paved the way for the industrial revolution, and, in the process, stented the decline of the old rapids. A hundred years ago saw the arrival of a railway age and then it is the turn of the canal companies to go under. This story we are witnessing now much the decline of the horse in the face of road transport but the retreat of public transport by road as well by rail now that most cities and all firms have, or are to have, their own transport.

The campaign launched last week by the three rail unions, the support of various environmental pressure groups, and further cuts in rail and other public transport services, the latest skirmish in this drawn-out engagement, says that the limits which have been set for rail investment and revenue support are logically a reduction in the nation's rail network in the present 11,000 routes to something less than 4,000 miles by 1981.

Reductions

This prognosis, as one might expect, has been laced with a taint amount of hyperbole. A political implication of such a reduction in rail services, that only an exceptionally brave and determined argument could engineer so drastic a cutback in so short a time. It was noticeable that even

the Rail Board—which would normally be only too glad to welcome any effort to drum up public support—took immediate steps to dissociate itself from the unions' gloomier warnings. Clearly, however, there is now likely to be a further reduction in the size of the rail network, and some reductions in the quality of rail services. Just how much has not yet been properly evaluated by anyone. Nothing final has been decided. All that has happened, so far, is this.

Cost

First, the Government has decided that a major attempt must be made to reduce the escalating cost of rail revenue support which would otherwise reach levels that even one usually sympathetic Cabinet Minister has described as "terrifying". Accordingly, British Rail has been told that next year's subsidy for its passenger business will be pegged to this year's £330m, subject only to a 10-11 per cent "inflation ceiling". This is the direct cause of the service cuts which British Rail has been announcing piecemeal in recent weeks. It also explains why, although by no means over yet, have already more than caught up with the past few years of compulsory price restraint, with the inevitable impact upon the volume of optional rail travel.

At the same time, British Rail has been told that the deficit financing of its freight business, which is currently costing the taxpayer some £70m a year, will be phased out by 1978. This part of the subsidy bill did not form part of the post-1973 revenue

support policy. It was introduced to meet the railways' cash flow needs earlier this year when the freight services began to incur heavy losses. Even though rail freight has merely to cover its "avoidable costs" (now that the bulk of the shared cost of track and signalling is loaded onto the passenger service subsidy) and even though rail freight services are contrary to EEC rules, British Rail doubts whether the 1978 target for phasing out will be possible, given the depth and likely duration of the recession in steel, coal and other industrial traffic.

Secondly, as part of the attempt to curb the growth of public expenditure the railways have been warned to plan on the basis of the same volume of investment spending in the next three years as during the current year. This will be much less than British Rail has originally asked for but the cutback is probably proportionately no more—and may even be proportionately less—than the further large reductions the Government will be announcing in the inter-city motorway and trunk road programme and which will probably cause as big an outcry from the roads lobby when the figures are revealed. For the railways, however, the new investment ceiling will mean further delays in starting projects like power signalling, continuous welded rail, and modern wagons, which could eventually save manpower, as well as projects—for example, additional high-speed train services—which are intended to raise the quality of rail services.

Above all—and here the Rail Board is at one with the railway unions and the environ-

mentalists—the Board fears that these new financial constraints will pre-empt major policy decisions about the role the railways should play in the country's transport infrastructure. More prosaically, the constraints together with the recession and the increasing price resistance by rail users, have rendered completely inoperative the railways' corporate planning. The Board has accordingly asked the Government to define the objectives which it should now seek to pursue.

Policy

Meanwhile, on a political plane, Mr. Anthony Crosland, the Environment Secretary, and Dr. John Gilbert, the Transport Minister, are under pressure to produce a major statement on the Government's overall transport policy. At one time, it was said that this would appear before the end of the year: it is now likely, possibly as a White or Green Paper (and equally possibly in neither form) sometime in the spring (or even later).

The "No Rail Cuts" lobby are right, therefore, in sensing that a decisive turning point is now approaching. They have also picked on the key issue, which is the question of what rail services are we, as a nation, prepared to afford during the next five to 10 years. It is a question that has never been methodically analysed since the railways first came into public ownership. Originally, back in the 1940s, it was thought that the role of the railways would be established as part of an overall, integrated public transport system run—or at least presided

over—by the Transport Commission. This concept was never really thought through, and would in any case have been totally unworkable.

It was next thought that the proper integrating mechanism was the market place, an approach that eventually culminated in the Beeching reforms of the 1960s. But this, too, was brought to a premature halt when, in 1967, Mrs. Barbara Castle, as Transport Minister, "stabilised" the rail network at the present 11,000 route miles and divided the system into a "commercial" railway and a "social" or grant-aided, railway.

Failed

This idea in turn failed, principally because the Rail Board could never quite bring itself to believe that a "commercial" railway should invest only up to the level which the system could afford to service out of its own prospective revenue. Then, in 1973, the Board managed to persuade Mr. John Peyton and the Conservative Government that a far greater part of the system should be revenue-supported as the "necessary railway." (The Board wanted to transfer the cost of its track and signalling to the Exchequer: the present passenger support policy was chosen by the present Labour Government as more in keeping with EEC rules.)

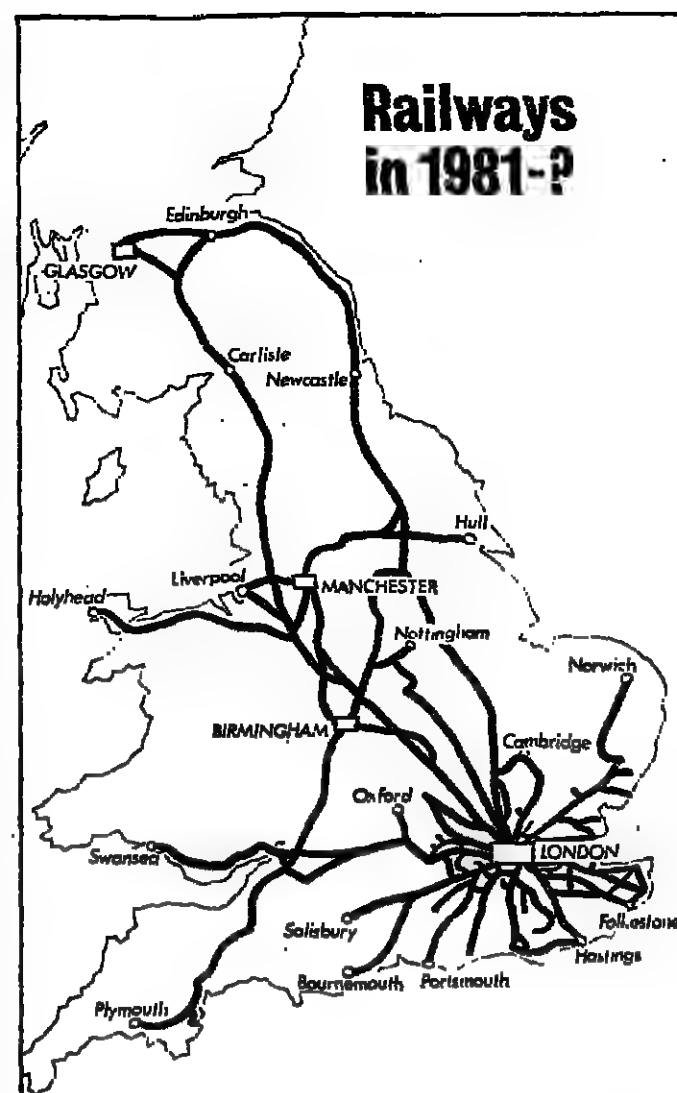
The fallacies of this approach would, in turn, have eventually become plain, had not they been so quickly exposed under the dual pressure of inflation and recession. If rail passenger services are to be treated as a quasi-social service, what level

of services are required and how is this to be decided? And, at managerial level, how does one sustain efficiency and financial discipline under so extensive and open-ended a system of subsidy?

Arguments

The pro-rail lobby is right in recognising that, in order to make an impression, it will have to make some attempt to assess the alleged environmental and social superiority of rail services. But these arguments are by no means all one way. Given so great a concentration of rail freight movement through urban rail-heads, rail is not obviously environmentally more attractive (especially, as we have recently seen, when it comes to building new rail lines). If one considers overall system efficiency, rail traction—and especially rail electric traction—is not all that better, if at all, on energy conservation grounds, nor is energy the only resource to be considered. And Labour Ministers in particular have been disconcerted to find rail and bus subsidies so regressive in terms of income distribution.

Nor is it helpful to the pro-rail case that so many other industrial countries should also be curtailing their rail support programmes. A new railway building age may have dawned in the Third World—and in many urban centres elsewhere. But on the Continent, where railways have been publicly owned or regarded as instruments of national policy for far longer, retrenchment is now the order of the day. The best approach, surely, is to soften the process, make it socially palatable, rather than to halt it, let alone reverse it.



The rail unions' view of what Britain's railway network could look like in five years' time: no trains in much of Scotland and Wales and a much-trimmed system operating in England. The key question in the campaign—what, as a nation, is Britain prepared to afford during the next five to 10 years—has never been methodically analysed since the railways first came into public ownership.

Letters to the Editor

J.K. energy

ap
Sir Alan Cottrell, FRS,
ner,
as College, Cambridge.
Sir Brian Flowers and
David Fishlock (December 3
5) have raised important
points about this country's
energy position at the end of the
century, by which time our North
resources will have been
used up. According to the
Energy Technology Support Unit
(ETSU), we shall then be short
of energy by the equivalent of 20
times our present total installed
capacity.

It will be impossible to span
the gap with a nuclear pro-
gramme for several reasons:
lack of investment capital;
lack of a programme on this
scale;
lack of constructional capacity
in the nuclear industry,
which has declined because
of insufficient business in
recent years;
lack of uranium for a large
system of thermal reactors;
lack of operational experience
of large fast breeder reactors
which is also a major obstacle
to pressing ahead as early
as possible with a full-scale
demonstration FBR station;
lack of development of
fusion reactors, which, though
probably essential for the 21st
century, could not be on the
present ETSU time-
scale be got ready for many
years yet.

lack of public support for a
great expansion of nuclear
energy, until more experience
has been gained.
In "benign and renewable"
energy sources such as wind,
tides, solar, and hot rocks,
it is not satisfactory more than a
small part of our needs.
Using also, realistically, that
nuclear capacity at the
end of the century will be not
more than about twice that
today, we must look to coal
and oil and only means for
using the post-1990 gap. The
North Sea is giving us a few
it to get ready, but we shall
every single one of them.
To major technical develop-
ments will be essential. First,
to stop economic means of
using coal from difficult
and, almost certainly, by
newly operated machines,
and, to advance the tech-
nology for producing high-grade
nuclear fuel oil and gas from

a country's present pro-
gramme of research and develop-
ment on these problems, while
for its size, is nowhere near
enough to achieve such
savings in the time available.
We should be greatly
interested, and the means for
are already available, in the
USA establishments of the
moment and the UKAEA.
Cottrell,
Master's Lodge,
College, Cambridge.

he national future

Mr. W. O. Nutt
—Your leader "A bio-
logical warning" (December 10)
warns. Your readers have
to be concerned at the
range outcome of present
plans. Yet I question how
are familiar with the
raised by your leader.
a recent conference on
in conditions of un-
employment, organised by
the National Economic Development
Council and the Society for Long
Range Planning, my contribu-
tion was a prediction that
the "biological" economic pro-
gramme would induce among
businessmen a "where

we are going" syndrome. The
basis for this prediction was
the reactions of businessmen in
discussions on planning agreements
and related topics during my
term as chairman of the Society
for Long Range Planning.
My paper pointed out that no
concrete plan for evaluation of
medium term future can be
expressed without some refer-
ence to the evaluation of the
long term, say from the mid
1980s. An item of work cur-
rently in process seems likely
to demonstrate that what a
person knows of future possi-
bilities, and particularly the
methods by which one can view
these, materially conditions the
preferred view derived; opinion
is based in knowledge.

It seems wrong to me that,
within a culture as mature as
the U.K., there is no national
body collectively examining the
long range future prospects for
the U.K. We return to the need
to educate society about the pos-
sible before deriving a consensus
on the probable.

Without further delay, we
should start a National Futures
Institute. Its outputs would
have direct and important in-
fluence on the values accorded
the exogenous variables in
medium term econometric
modelling. If we are going to
move into a knowledge society
it's as well to start now to use
the knowledge we already have.
The relevance to your leader
is directly apparent and particu-
larly important for the private
sector. Concentrated study since
before The Club of Rome in-
volvement and consistent subse-
quent analysis suggests to me,
as now a relative expert, that
next to survival the most im-
portant issues for businessmen
amount to being prepared for
the significantly changed future.
There should be national view
of future possibilities enabling
each sector to orientate itself
within these; the private sector
of business is especially vul-
nerable to unforeseen change.
W. Owen Nutt,
Birch Close, Less Lane,
Warrington, Surrey.

Consciousness of class

From Mr. J. Budgen.
Sir—Joe Rogaly (December
11) exhibits precisely the ob-
servation with class that Chan-
celor Helmut Schmidt was
deprecating. Class is an ex-
pression of social attitudes. Class
consciousness is demonstrably
more marked in Britain than in
many other countries although
income differences between
Social Classes I and V are
generally lower here than
abroad. But Mr. Rogaly admits
to a yearning for equal incomes
and so assumes that they would
abolish class differences.

For most of us it is the reward
of greater income that en-
courages us to seek higher
qualifications and undertake
more onerous work. Income is
translated, inter alia, into hard-
ware and allowing for personal
taste (more TV, fewer tele-
phones) people with higher in-
come will tend to have more of
them.
Mr. Rogaly appears to take it
for granted that the health and
mortality differences between
classes I to V arise as a result
of the difference in environ-
mental conditions experienced
by the members of those classes.
If that were so, the mortality
rate differences increase over
a period which has seen the in-
roduction of the National Health
Service would be puzzling in-
deed. The fact is surely that
people with good health are
more likely to succeed in life
than those with poor health. The
morbidity statistics reflect the
increasing equality of educa-

tional opportunity and social
mobility over the period covered;
this has allowed the 8 to rise
socially and the 10 to fall as
never before.

Equalising incomes will not
abolish class consciousness; we
must teach ourselves to think
differently about the inherent
differences between people.
J. E. Budgen.
12, The Close,
Reigate,
Surrey.

Social trends

From Mr. H. Hilton.
Sir—I cannot accept Joe
Rogaly's assumption (December
11) that the figures published
in "Social Trends" are evidence
of our "damaged class-ridden
society." No evidence is pro-
duced to show that they differ
significantly from what one
would expect in any developed
non-communist country, and in
fact I would be very surprised
if the standard of living of the
more intelligent and enterprising
strata of society were not higher
than that of the less intelligent
and unskilled. The poorer health
and education of the unskilled
must result at least as much from
parental attitudes, sense of
responsibility and self-reliance
as from any lack of opportunity.
Class antagonisms have little
to do with economic factors. The
enmity built up between
employer and employee during
the Industrial Revolution
because of the ruthless exploita-
tion of the latter still persists
long after its causes have been
removed. Union power and
enlightened attitudes on the part
of Government and employer
alike have reduced earnings
differences to a level which do
not appear to be startlingly
different from elsewhere in
Europe, so what is the explana-
tion for the continuing emphasis
on "class"?

Many "working class"
people (although by no means
all) are resentful of their dis-
covery that higher earnings do
not automatically produce a
standing in society which they
envy in others. This standing
and the self-respect which goes
with it cannot be acquired until
there is a change of attitude
towards knowledge and culture,
a desire to seek the best in life
by way, for example, of music,
literature and the arts, and a
sense of responsibility to the
community expressed preferably
in service and self-discipline, in
other words the despised middle-
class virtues.

There is a difference,
too rarely recognised, between
having a regional accent and
murdering every rule of gram-
mar and pronunciation in our
beautiful tongue. Illiteracy and
inarticulateness are in most
cases a sign of a slovenly mental
attitude and clear for all to see
and hear. It is this, coupled with
the fact that no value is placed
on education which distinguishes
more than anything else, the
lower classes (which in my
definition are not the same as
the "working classes") from the
rest of society. Until our edu-
cational system can reach out
to the children of such people
and change them in spite of the
inadequacy of the parents and
there is little sign of this hap-
pening at the moment, I see
no early end to the damaging
legacy from which we suffer.
H. R. Hilton.
37, Crown Hill,
Rayleigh, Essex.

Leasehold flats

From Mr. P. Perkins.
Sir—I have always read
"Finance and the Family" with
interest and to my personal
benefit. This applies particu-

larly to the case discussed in
your issue of December 6 relating
to purchase of freehold as I am
the owner of a flat on a long
lease.

For the proper and effective
running of blocks of flats it is
essential for there to be good
management. In most cases
this is done by the tenants
themselves. It is under contract-
ual obligation to maintain the
property in good condition, and
to provide certain services such
as central heating, cleaning, etc.,
the cost of which he recovers
from the tenants. Many difficul-
ties have arisen since the selling
of leasehold flats became a com-
mon practice in this country, over
the exploitation of the tenants by
unscrupulous landlords. Because
of this, the Government found it
necessary to include certain safe-
guards in the Housing and
Finance Act 1972 and the Housing
Act 1974 whereby the tenants
of leasehold flats are given a
certain amount of "muscle" with
regard to checking the accounts
for service charges and for
quarrying unreasonable service
charges, etc.

It seems that the solution is
for those tenants who wish to
buy the freehold and to run the
property to form a limited com-
pany for the purpose of manag-
ing the property and running it
in this way, this company would
become the landlord of the
tenants who did not wish to par-
ticipate in the company. These
non-participating tenants would
be under a contractual
obligation to pay their share of
maintenance and service charges.
They could join the management
company on a payment of their
share of the cost of the freehold.
Philip H. Perkins.
Flat 4,
15, Lyndhurst Gardens, N.W.3.

IMF and the Opposition

From Mr. J. G. R. Rix.
Sir—With Mr. Wilson once
again applying to the old dope
peddlers—IMF—for an ever
larger "shot" now must be the
time for the Opposition to
oppose.
Only before the "shot" will
it be able to set out what it
thinks are the most important
actions needed for the long-
term good of our country, and
particularly actions it thinks are
not needed. It must inform the
IMF of its ideas, offer to dis-
cuss them, and deliver an ultimatum linked to each of the
more obvious unnecessary
Government proposals.

A joint Liberal/Conservative
approach, backed as it would be
by representatives who had
received 54.5 per cent of the
votes at the last election, and
against a Government which
received only 38.4 per cent,
should undoubtedly carry weight
and influence conditions.
For a start, they could suggest
the dropping of the aircraft, ship-
repair and ship-building induc-
tries nationalisation proposals
and threaten to renege on, say,
£300m. of any new debt when
they come to power, if this was
not imposed as a condition. They
could suggest that the new
facility is drawn against only in
phases, and against specific and
vigorous improvement in our
internal deficit position.

Only when realities are faced
by our representatives in Parlia-
ment and adequate action taken
can the decline in our nation be
halted. Now, for a short time,
the Opposition have the Govern-
ment over a barrel—they should
show themselves capable of
defeating at least part of the way
out of the mire of debt we are
getting into. To save confusion,
I am not the John Rix of Vosper
Thornycroft.
J. G. R. Rix.
Woodhouse, Headley,
Nr. Bordon, Hampshire.

To-day's Events

GENERAL
TUC—Labour Party Liaison
Committee meets.
Financial Control in the
European Community White
Paper.
EEC Finance Ministers and
Agriculture Ministers meet in
Brussels.
GLC general purposes com-
mittee meets and special meet-
ing of the Arts Board.
South West Economic Planning
Council report—Retirement to
the South West.
Plenary session Rhodesian con-
stitutional talks, Salisbury.
Mr. Roy Hattersley, Foreign
Office Minister in Bulgaria.
Dr. Henry Kissinger, U.S.
Secretary of State, leaves
Heathrow.

Lord Mayor attends Guild of
Freemen dinner, Guildhall.
OFFICIAL STATISTICS
Retail trade (Nov.-prov.).
Turnover of catering trades
(Oct.).
Borrowing by local authorities
(3rd quarter).
PARLIAMENTARY BUSINESS
House of Commons: Debate on
the Rate Support Grant Order.
House of Lords: Northern
Ireland (Loans) Bill, Licensing
(Amendment) Bill, Money-
lenders (Crown Agents) Bill,
and OECD Support Fund Bill,
second readings. Bill Livestock
Guidhall, 1 p.m.
(Compensation Allowances)
(Regulations) 1975.

Institute of London, St. Mary
Alderman, 6.30 p.m.; Tower
Ward Club, St. Olave, Haw
Street, 6 p.m.; and Lloyds Bank,
St. Mary Woolnoth, 6 p.m.
Royal Festival Hall: Nashed
Choirs of the London Hospitals,
conductor Charles Farrcombe.
Rosal and Schaefer (piano),
James Blades (timpani), John
Birch (organ), Fanfare Trum-
peters of the Royal Corps of
Signals, Carols and Christmas
music, 8 p.m.
Queen Elizabeth Hall: Berelays
Bank Musical Society Choir and
Orchestra, conductor Harold
Barnes. Soloists include
Frederick Fox (baritone). Pro-
gramme of Christmas music and
carols for choir and audience,
7.45 p.m.

This announcement appears as a matter of record only. 1975

**Teollisuuden Voima Oy-
Industrins Kraft Ab**
(TVO Power Company)
(A company limited by shares under Finnish law)

**U.S. \$67,000,000 7 Year Floating Rate
Multi-Currency Loan**

Guaranteed by the
Republic of Finland

arranged by
Kansallis-Osake-Pankki Postipankki Union Bank of Finland Ltd.
(Formerly Teollisuuden Voima Oy, Nordic's four main banks in Ab.)
Bank of America NT & SA The Chase Manhattan Bank N.A.
European Banking Company Limited Kredietbank S.A. Luxembourgise
Orion Bank Limited Toronto Dominion Bank

provided by
Amsterdam-Rotterdam Bank N.V. Nederlandse Crediet Bank N.V.
Bank of America NT & SA Nordfinanz-Bank Zurich
Banque de Commerce, S.A. Nordic Bank Limited
Banque Scandinave en Suisse Orion Bank Limited
The Chase Manhattan Bank N.A. Postipankki
Compagnie Financière de la RBC Finance RV.
Deutsche Bank AG Scandinavian Bank Limited
Creditanstalt-Bankverein Société Générale de Banque S.A.
European Banking Company Limited Toronto Dominion Bank
Kansallis-Osake-Pankki Union Bank of Finland Ltd.
Kredietbank S.A. Luxembourgise WestLB International S.A.

Agent Bank
Toronto Dominion Bank

INTERNATIONAL COMPANY NEWS EUROPEAN MARKETS

EUROBONDS

Heavy activity in new issues

By Mary Campbell

THE RUN-UP to Christmas notwithstanding, new issue activity on the Eurobond market continued at a rapid pace last week. Two Canadian dollar issues were increased in size while no less than five further U.S. dollar issues were announced.

Of the two Canadian dollar issues, Canadian Pacific's Can\$25m, 9 1/2 per cent, six year issue was increased to Can\$35m, and priced at 100 1/2. More surprisingly, perhaps, the company's Can\$25m, 10 1/2 per cent, five year issue was also increased to Can\$30m. Pricing here was 100 1/2.

New issues to be announced were \$20m. for the European Investment Bank; \$25m. for the Industrial Bank of Japan's \$30m., for which Morgan & Cie is the lead manager, offers an indicated 9 1/2 per cent for five years.

Of the two floating rate note issues, Credit Commercial de France is offering a spread of a quarter of a point over inter-bank rates for a six year maturity via Credit Suisse White.

The Adela issue offers a spread of 1 1/2 per cent over seven years. Lead managers are Barings and European Banking Company. The minimum interest on the CCF issue has been set at 7 1/2 per cent and the Adela issue at 8 per cent.

As matters now stand the terms revealed on Thursday by Petrofina's offer of a \$100m. Fr\$50 for a minimum of 180,000 shares representing 51 per cent of Petrofina's equity. They were last quoted at Fr\$64 apiece before their suspension as long ago as November 17, on rumours of a takeover bid.

The Belgian company is reported to have already secured the support of two major Petrofina shareholders, alone holding 23 per cent of its capital.

Mr. Arthur, the chairman of the Petrofina group, is confident that strong growth in profits will be achieved as soon as the world's major economies improve.

He said the group's annual report, sales rose 25 per cent, but net profit was 25 per cent down at \$1.77m.

"Under these circumstances, our plans now call for an eventual move of photographic manufacture from Australia to Ireland, where we are presently building manufacturing facilities."

Mr. Arthur reports production will start in Cork on a pilot basis in July 1976. "The Irish plant," he says, "is expected quickly to become one of the world's most competitive and leading suppliers of photographic equipment and materials."

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STANDARD AND POORS U.S. STOCK INDICES

U.S. STOCK INDICES			
* Industrials † Composite			
Dec. 11	98.23	97.53	
" 13	98.28	97.50	
" 15	98.32	97.48	
" 19	98.36	97.46	
" 21	98.38	97.44	
" 23	98.40	97.42	
" 25	98.42	97.40	
" 27	98.44	97.38	
" 29	98.46	97.36	
" 31	98.48	97.34	
Nov. 26	98.50	97.32	
Nov. 28	98.52	97.30	
Nov. 30	98.54	97.28	
1975 High	107.40	96.91	
1975 Low	77.71	70.74	
	(8.1)	(5.1)	
* 435 Industrials † 423 Industrials, 50 Utilities, 23 Rails.			

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

[illegible]

FINANCIAL TIMES STOCK INDICES

	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	A year ago
remained open	88.42	86.65	86.94	88.58	86.26	86.15	48.54
not interest	366.69	361.61	369.81	388.59	367.72	367.67	50.08
Normal Ordinary	362.3	358.1	362.8	364.9	350.1	357.9	163.1
of Misses	235.5	224.1	221.1	236.5	223.4	240.1	386.6
to Div. Yield	8.80	8.87	9.78	6.78	5.84	5.73	16.89
change 1/2 (1/2) (1/2)	16.17	16.29	16.11	16.07	16.23	16.05	58.97
Misses (at) (at)	9.00	8.93	9.08	9.08	9.38	9.12	3.88
change marked	5.55	5.74	5.657	5.854	5.128	5.796	5.894
ity turnover		61.80	52.14	46.95	40.75	48.85	59.12
ity savings total	14,878	15,903	15,510	15,502	15,767	11,997	
10 am. 547.8	11 am. 361.7	Nov. 260.4	1 p.m. 362.8				

HIGHS AND LOWS		S.E. ACTIVITY
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	1975		1976		1977		Dec. 12	Dec. 31
	High	Low	High	Low	High	Low		
rs. Secs.	62.54 (33/5)	49.15 (50/5)	127.4 (101/68)	49.15 (45/75)	125.1 (101/68)	49.15 (45/75)	125.1 (101/68)	151.2 (101/68)
ad. Inds.	62.54 (21/6)	50.51 (51/1)	150.4 (121/147)	60.55 (51/75)	150.4 (121/147)	60.55 (51/75)	150.4 (121/147)	197.5 (121/147)
l. Ord.	277.8 (142/1)	126.0 (51/1)	147.4 (101/68)	49.4 (45/75)	147.4 (101/68)	49.4 (45/75)	147.4 (101/68)	167.7 (101/68)
nd Mins.	62.54 (142/1)	218.4 (51/1)	150.4 (121/147)	60.55 (51/75)	150.4 (121/147)	60.55 (51/75)	150.4 (121/147)	197.5 (121/147)

FT—ACTUARIES INDICES

	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	A year ago
Interest Group	144.67	143.87	145.38	145.57	144.69	146.96	89.01
Share	159.06	156.91	159.91	160.26	163.20	161.67	63.49
Net yield pe	5.82	5.94	5.78	5.77	6.01	5.70	15.19
Ratio	9.28	9.17	9.26	9.28	9.21	9.34	3.71
Share	152.25	151.81	153.34	153.68	152.50	155.00	61.92
Net yield pe	14.89	14.88	14.98	14.87	14.98	14.96	17.25

BASE LENDING RATES

Allied International	11	%	Julian S. Hodge	12	%
Allied Irish Banks Ltd.	11	%	Industrial Bank of Scot.	11	%
Alloa-Portuguese Bank	11	%	Keyser Ullmann	11	%
Henry Anschaber	11	%	Knowsley & Co. Ltd.	12	%
Banco de Bilbao	11	%	Lloyds' Bank	11	%
Banco de Jerez	11	%	London & European	11	%
Bank of Cyprus	11	%	London Mercantile	11	%
Bank of N.S.W.	11	%	Midland Bank	11	%
Banque du Rhone S.A.	11	%	■ Samuel Montagu	11	%
Barclays Bank	11	%	■ Morgan Grenfell	11	%
Barnett, Christie Ltd.	12	%	■ National Westminster	11	%
Bearmar Holdings Ltd.	11	%	Northern Comm. Trust	11	%
Bank of Mid. East	11	%	Norwich General Trust	11	%
Bankers' Supply	11	%	Portman Guaranty	11	%
Bayer, Bowater Co. Ltd.	11	%	P. S. Reifson & Co.	11	%
Becher Holdings	11	%	Rossminster Acceptances	11	%
Charterhouse Japhet	11	%	Schlesinger Limited	11	%
F. E. Coates	11	%	E. S. Schwab	12	%
Consolidated Credits	11	%	Security Trust Co. Ltd.	12	%
Co-operative Bank	11	%	Shenley Trust	12	%
Continenthian Securities	11	%	Standard Chartered	11	%
Credit Lyonnais	11	%	Sterling Credit	12	%
C. R. Davies	12	%	Thames Guaranty	11	%
Dunlop Brothers	12	%	Trade Development Bk.	11	%
Edison Lawrie	11	%	Twentieth Century Bk.	12	%
English Transocean	11	%	United Bank of Kuwait	11	%
First London Sees.	11	%	Walden Ltd.	11	%
Henry Gibbs	11	%	Williams & Clyn's	11	%
London Durrant Trust	11	%	Yorkshire Bank	11	%
London South Guaranty	11	%			
London Trust	11	%	■ Members of the Acceptance Houses		
London & Lancashire	11	%	Company		
London & Partners	13	%	7-day deposits 7 1/2%, 1-month deposit		
London Samuel	11	%	7 1/2%		
London & Co.	11	%	7-day deposits on sums of £10,000 and		
			under up to 225,000 7 1/2% and		
			over £25,000 8 1/2%		
			Demand deposit 8 1/2%		

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

BURGESS PRODUCTS Company (Holdings)

(Light electrical and acoustical engineers)

Anticipated Recovery Delayed

	1975	1974
Group Turnover	14,565,737	10,426,214
Profit before taxation	166,590	449,484
Profit after taxation	156,605	333,067
Dividend per share*	5.043p	4.9365p
Earnings per share	3.1p	6.4p

* includes associated tax credit.

Extracts from Mr. W. Riddell's Statement:

The fact that improvements anticipated in the Interim Statement were not achieved is almost entirely due to continuing unexpectedly high losses at Burgess Industrial Silencing. The other U.K. Companies all made profits during the year.

It is taking longer than anticipated for Burgess Industrial Silencing to achieve a satisfactory level of efficiency in its new location, and the many difficulties of recruitment, training and lack of job experience have been added to by large fixed price contracts, most of which date back to 1972 prior to rapidly escalating inflation. These loss-making contracts are nearing completion and improvement on the very poor results to date is expected in the coming year.

Burgess Products' original equipment sales have been maintained and penetration of the replacement market continues. Market penetration of Burgess Architectural Products has been increased and orders for Metal Ceilings are encouragingly high. Additional sales effort is now being directed to overseas markets. Burgess Power Tools has experienced a considerable fall in demand, particularly in Europe, but there may now be some slight signs of improvement overseas.

The year's output at Micro Switch was a record, and the order book is now down to managed proportions with lead times beginning to match market requirements, although the market is still depressed by previous standards.

This was a disappointing year for Burgess G.m.b.H. with the recession in the German market necessitating short-term working. In Canada, Burgess Switch Company has had another satisfactory year; both turnover and profits being substantially increased. This improvement is expected to continue.

COMPANY NEWS

Two major problems at Higson's Brewery

IN HIS annual statement, the chairman of Liverpool-based Higson's Brewery, Mr. R. MacKenzie, tells members that the group has two major problems.

First, in the short term, he anticipates a reduction in the public's spending power and secondly in the long term, in common with many export-oriented industries, is the provision of sufficient funds for replacement and developments, particularly on the commercial side. The size of the latter problem can be measured by the example of the period 1961-72 during which time the company built or purchased 26 new pubs as compared with five only in the last four years.

The first of these problems may be difficult and uncomfortable to live with, says the chairman, but he is reasonably confident that Higson's is 'as well placed to cope as any competitor operating in this area of high unemployment where fortunately the pub and the club still have an enormous pull'.

The problem of financing the building of new outlets, can be solved (other than by borrowing) by way of a reduction in corporation tax or the granting of fiscal incentives for commercial buildings. Given such assistance by the Government I know that we have the enthusiasm, the expertise and the staff to expand our business along the lines determined by the Board," he adds.

The prices of products—both wholesale and retail—have, by the effect of price controls, been kept lower than is commercially competitive, states the chairman. Competitive prices do not appear to boost sales significantly in the retail on side of the business, but "it will be interesting to see whether this situation changes as the spending

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below is based mainly on last year's timetable.

INTERIM - DECEMBER
Cairns, Capital and Counties Property, Crown House, Lifford, Robert Moss, Alexander Bann, etc.

INTERIM - JANUARY
Finnish-Caravan International, Compton Partners, Martin the Kennegate, Westgate Group.

FUTURE DATES
Interim - Dec. 16
Braham Miller and Sons (Shet.), Dec. 16
Cairns, Capital and Counties Property, Dec. 16
Crown House, Lifford, Robert Moss, Dec. 16
Alexander Bann, etc., Dec. 16
Finnish-Caravan International, Jan. 13
Compton Partners, Martin the Kennegate, Jan. 13
Westgate Group, Jan. 13

INTERIM - FEBRUARY
North British Steel, Dec. 16
Reaburn Inv. Trust, Jan. 16

power of the public declines in the months ahead."

If it does, he says, Higson's will be better placed than most competitors on Merseyside, but even so I doubt that we will hold our present level of sales."

For the first time details of the strength and bar prices of beers have been included in the accounts.

As reported on October 31, pre-tax profits rose from £1.19m. to £1.38m. in the year to September 27, 1975. The dividend is 3.67p (3.45p) net.

Meeting, Liverpool, on January 6 at noon.

Kaduna Syndicate

Kaduna Syndicate, a holding company with interests in tin mining, more than doubled its profits from £115,831 to £305,282 in 1974, on turnover of £1.11m. against £0.7m.

Earnings are shown to be up from 3.49p to 6.05p per 10p share. There is no final dividend, leaving the 1.326p net interim to compare with the 1973 total of 1.19p.

Tax for the year took £170,517 (£81,081) and £55,278 (loss £7,338) was retained.

Better first half at J. Swan

Profit, before tax, of John Swan and Sons, live stock auctioneers

and estate agents, more than doubled from £58,300 to £87,700 in the half year to October 31, 1975 including investment income of £3,400 (£2,900).

Turnover improved from £122,000 to £225,000 and tax took £43,600 (£19,800).

Last July the chairman, Mr. J. Whitton, said it was proposed to pay the maximum permitted dividend for the current year.

Last year's payment was 16.12p net and profits £79,632.

Upsurge at Goldrei Foucard

TAXABLE profit of food manufacturers, Goldrei Foucard and

Sons, showed a sharp increase from £15,420 to £137,507 for the half year to September 27, 1975.

The directors do not expect second half results to be at a similar level, but profits for the full year should exceed the 1974-1975 record £180,581, they state.

The interim dividend is raised from 0.67p to 0.73p net—last year's total was 2.01p.

The profit is struck after providing a proposed additional contribution to the company's pension fund and half of the death benefit due to the widow of Mr. B. M. Goldrei, totalling £22,812. Mr. L. H. Goldrei is the new chairman.

Half year
1975 1974
Turnover £157,087 £174,573
Pre-tax profit £15,420 £137,507
Tax £1,100 £1,100
Net £14,320 £136,407
After £22,812 proposed contribution to pension scheme and death benefit.

Increase at N. Midland Construction

After rising from £79,100 to £104,351 in the first half, profits of North Midland Construction

finished the year to August 31, 1975 up from £80,486 to £203,303

subject to tax of £154,101 against £114,300. Turnover expanded from £2,19m. to £3.11m.

Earnings are shown to be up from 7.3p to 10.5p per 10p share and a dividend is lifted from 1p to 1.1p with a final of 0.63p.

INTERIM STATEMENT

NORCROS LIMITED

Interim Report

for the half year to 30th September, 1975

Norcros profits increase in first half

The Directors have declared an Interim Dividend of 1.5 pence per share payable on 23rd January 1976 to holders of Ordinary Shares on the Register at the close of business on the 13th December 1975. It is intended to recommend a Final Dividend of 2.1 pence making a total of 3.6 pence per share as announced in the Shareholders' circular dated 22nd August 1975. This programme of dividends is in conformity with the dividend restraint policy of the Government.

Earnings for Ordinary Shareholders for the half year were 4.41 pence per share, an increase of 6.8 per cent over the corresponding period of last year of 4.13 pence per share.

In the United Kingdom sales increased to £61,559,000 resulting in an operating surplus of £3,144,000 and the operating margins of 5.1 per cent compared with 5.5 per cent for the previous year. The overseas companies however show a significant increase in operating surplus from £495,000 to £784,000 and now represent 16.7 per cent of the group surplus (11.5 per cent last year).

The increase in overseas surplus is a direct result of our policy to achieve a wider geographical spread of interests. Overseas offices have been established in areas of economic growth including Toronto, Paris, Cairo, Lagos, Singapore and a Technical Service Office in Warsaw. It is expected that these offices will play an important role in realising the stated objective of earning at least 25 per cent of Group Operating surplus from overseas.

The liquidity position is excellent and the Group is well placed to take advantage of any improvements in the United Kingdom economy as they occur.

J. V. Sheffield
Chairman

	Half Year to Sept 30 1975 (£'000)	Half Year to Sept 30 1974 (£'000)	Year to March 31 1975 (£'000)
Group Sales:			
United Kingdom	57,633	50,391	105,510
Exports from United Kingdom	3,926	3,661	8,587
Overseas	6,020	4,580	9,450
	67,579	58,632	123,547
Group Trading Surplus	5,462	5,020	11,731
Operating Surplus before Taxation	4,704	4,304	9,886
Operating Surplus after Taxation	2,340	2,037	4,920
Earnings attributable to Group	2,098	1,940	4,605
	Per Share	Per Share	Per Share
Earnings for Ordinary Shareholders	4.41p	4.13p	9.83p
Shareholders Ordinary Dividend	1.5p	1.0p	3.0p

Construction Division
Crittall Components Limited - Crittall Construction Limited
Crittall-McKinney Metal Window Company Limited - Crittall Windows Limited
Dartington and Simpson Rolling Mills Limited (50% owned)
Dow-Mac Concrete Limited - Temperature Limited

Consumer Division
Crittall Warmlife Limited - Hygena Limited

Engineering Division
Adamson-Alliance Limited - Butterley Engineering Company Limited
John Tinsley Limited - Lion Foundry Company Limited - Lowton Metals Limited
Thomas Blackburn Limited - TRF Pland Limited

Printing and Packaging Division
Darley Business Forms Limited - Notprint Limited
P.P. Payne Limited - The Autotype Company Limited

Sharp fall in revenue from spirit tax

FINANCIAL TIMES REPORTER

TAX-PAID clearances of spirits for home consumption fell steeply in August, reflecting the national crisis and some earlier overstocking by wholesalers and retailers and recovered only marginally in September, according to statistics just issued after long delays by Customs and Excise.

They observe that "clearance documents have been entered inaccurately in many cases" and that in consequence "the figures published contain errors." Their researches suggest that there may have been a small understatement of home-produced spirits in total, while within mature spirits (Scotch whisky) there has been an over-recording of malt spirit "or straight malt whisky."

Bearing this in mind, it emerges that total spirits tax payments in August fell by 25 per cent compared with the previous August to £1,718,000. Proof gallons, so making the year's running total 16,217,000 gallons, down by 0.5 per cent against last year's similar period. In September, total clearances of spirits advanced by 6.8 per cent to 2,789,000 gallons, and the running total of 18,977,000 gallons was just 0.49 per cent ahead of last year.

All spirit categories showed startling decreases in their August tax-paid clearances. Scotch whisky falling by 3.2 per cent to 797,000 gallons, gin and vodka by 20.4 per cent to 318,000 gallons, rum by 16.5 per cent to 192,000 gallons, and brandy by 9.4 per cent to 125,000 gallons.

Other brandies

That Scotch total, however, included 772,000 gallons of blended Scotch, itself a decrease of 33.9 per cent, and the controversial 26,000 gallons of straight malt whisky, an increase of 23.5 per cent. While the gallonage is comparatively small, the size of the percentage increase has possibly perturbed the official statisticians, though there must surely be no real reason to deny this return to Scotland's original whisky.

Similarly with Scotch's running total of 8,369,000 gallons some 1.8 per cent down on last year's period, which comprised 8,111,000 gallons of blends, representing a 3.3 per cent decrease, and 258,000 gallons of malt whisky, an 84 per cent advance.

Because of August decreases, gin and vodka—officially grouped

as "immature spirit"—registered only a 5 per cent advance in the period, to 4,298,000 gallons, and rum was down by 6.6 per cent to 1,680,000 gallons. The August brandy total of 125,000 gallons included 99,000 gallons of cognac—a 13.9 per cent decline—and 38,000 gallons of other brandies, a 3.5 per cent advance. The same pattern was repeated in the running total of 1,163,000 gallons, itself down by 1.5 per cent, which included 380,000 gallons up by 5 per cent, 4 per cent, and others at 1.5 per cent.

Tax-paid clearances in September advanced by 6.8 per cent to 2,759,000 as wholesalers and retailers re-stocked after severely depleted inventories in August, but this measure of 18,977,000 gallons was only 0.49 per cent ahead of last year's period.

Scotch clearances again headed the poll, and rose by 7.6 per cent in September to 1,288,000 gallons, made up of 1,369,000 gallons of blends—a 7.37 per cent improvement—and 28,000 gallons of malt whisky, a 20.5 per cent gain.

This brought Scotch's run total to 9,768,000 gallons, a decrease of 0.6 per cent, a 1 per cent advance—4,298,000 gallons of malt whisky—a 75 per cent advance—and 4,881,000 gallons of blends, a 1.9 per cent advance against the previous year.

The immature spirits, gin and vodka, made a 22 per cent advance. The same pattern was repeated in the running total of 8,611,000 gallons in September, but earlier reverses meant the running total of 6,158,000 gallons was only 7.7 per cent ahead. Rum tax payments back 10 per cent in the month, comprising 106,000 gallons, as the running total of 1,919,000 gallons was still down by 7 per cent.

Total brandy tax payments by 21 per cent to 145,000 gallons of cognac—a 28 per cent decrease—and 40,000 gallons of other brandies, a 2.5 per cent advance. Similarly brandy's running total of 1,288,000 gallons was 4 per cent, on last year's period, and its cognac component of 888,000 gallons was 0.9 per cent, while 0.8 per cent of 888,000 gallons was 0.9 per cent, while 0.8 per cent of 888,000 gallons was 0.9 per cent.

Others, a 2.5 per cent advance. Similarly brandy's running total of 1,288,000 gallons was 4 per cent, on last year's period, and its cognac component of 888,000 gallons was 0.9 per cent, while 0.8 per cent of 888,000 gallons was 0.9 per cent.

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